

**DIRECT TESTIMONY AND EXHIBITS OF****DANIEL P. HUNNELL II****ON BEHALF OF****THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF****DOCKET NO. 2021-324-WS**

1   **Q.     PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.**

2   A.           My name is Daniel P. Hunnell II. My business address is 1401 Main Street, Suite  
3               900, Columbia, South Carolina 29201. I am employed by the South Carolina Office of  
4               Regulatory Staff (“ORS”) in the Water Operations Department as a Senior Regulatory  
5               Analyst.

6   **Q.     PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.**

7   A.           I am a graduate of DeVry University of Columbus, Ohio, with a bachelor’s degree  
8               in Business Operations. I completed the continuing education program sponsored by the  
9               National Association of Regulatory Utility Commissioners (“NARUC”) and Michigan  
10              State University and the Advanced Regulatory Studies Program sponsored by the Institute  
11              of Public Utilities and Michigan State University.

12             I began my career in the utility industry in 1995 when I joined Pennsylvania  
13             American Water Company (“PAWC”), a subsidiary of American Water Works Company  
14             Inc., as a Collection and Billing Representative. In 1999, I participated on a project team,  
15             which facilitated the implementation of a new customer information software program. In  
16             2000, I was promoted to Billing Supervisor. In this position, I managed a team of  
17             employees that conducted the customer billing and billing-related functions for the eastern  
18             districts of PAWC (approximately 300,000 customer accounts). In 2001, I was promoted  
19             to the Compliance Department as a Compliance Specialist. In this position, I acted as a

1 point of contact for the Pennsylvania Public Utility Commission's Bureau of Consumer  
2 Services ("BCS"). In this position I prepared and presented written and oral responses to  
3 informal complaints filed with the BCS. I assisted in establishing and maintaining company  
4 policies and procedures to ensure compliance with 52 PA Code, Chapters 14, 56 and 65. I  
5 participated in negotiating settlement of both informal and formal complaints and testified  
6 as the PAWC witness in multiple formal complaint hearings. In 2008, I was transferred to  
7 the American Water Service Company, Inc. ("Service Company") and I was assigned to  
8 the rates and regulation function and promoted to Financial Analyst II. In 2014, I was  
9 promoted to a Financial Analyst III, and, in 2016, I was promoted to a Principal Regulatory  
10 Analyst. In these three positions with the Service Company, I was charged with the end-  
11 to-end preparation and development of pro forma adjustments and the overall revenue  
12 requirement along with preparation of analyses to support operational and state business  
13 partners across seven (7) states to file base rate cases, alternative regulatory mechanisms,  
14 and other rate related regulatory filings which included ensuring the financial support for  
15 each filing was complete and accurate. I joined the ORS in 2019 in my current role.

16 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE PUBLIC SERVICE**  
17 **COMMISSION OF SOUTH CAROLINA ("COMMISSION")?**

18 A. Yes, I have. In addition, I have sponsored testimony in multiple base rate cases on  
19 behalf of PAWC and West Virginia American Water Company. I have also prepared or  
20 assisted in the preparation of rate and rate-related applications presented to the Maryland  
21 Public Service Commission, the Virginia State Corporation Commission, the Kentucky  
22 Public Service Commission, the New Jersey Board of Public Utilities, and the New York  
23 Department of Public Service.

**Q. WHAT IS THE MISSION OF ORS?**

A. ORS represents the public interest as defined by the South Carolina General Assembly in S.C. Code Ann. § 58-4-10 as:

[T]he concerns of the using and consuming public with respect to public utility services, regardless of the class of customer, and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high-quality utility services.

**Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS PROCEEDING AND HOW DOES YOUR DIRECT TESTIMONY REPRESENT THE PUBLIC INTEREST?**

A. The purpose of my Direct Testimony is to set forth ORS's findings and recommendations resulting from ORS's examination of the rate increase application ("Application") submitted by Kiawah Island Utility, Inc. ("KIU" or "Company"). My Direct Testimony discusses the ORS examination and review of the Company's provision of water and sewer service to customers and the accuracy of certain aspects of the Company's Application. ORS has the sole responsibility to make inspections, audits and examinations of public utilities. Specifically, my Direct Testimony focuses on the following areas:

- The results of ORS's Business Compliance examination related to KIU's compliance with the South Carolina Public Service Commission's ("PSC" or "Commission") rules and regulations;
- ORS's recommendation related to future Annual Reports submitted to the Commission;

- ORS's recommendations related to KIU's service revenue at current rates as shown in Exhibit B; Schedule B of the Application and ORS's proposed normalizing adjustment to fire hydrant rental revenue;
- ORS's overall position regarding the revenue increase in this proceeding;
- ORS's proposed adjustment to reduce the depreciation service life of the water meters related to KIU's Advanced Metering infrastructure ("AMI") replacement project;
- ORS's examination related to KIU's customer growth adjustment and bad debt expense; and
- ORS's observations related to KIU witness' Sorensen and Dennis Direct Testimony related to the quality of utility service and customer expectations.

**Q. ARE THE FINDINGS OF YOUR REVIEW CONTAINED IN THIS TESTIMONY AND ACCOMPANYING EXHIBITS?**

A. Yes. My testimony and the attached exhibits detail ORS's findings and recommendations.

**Q. WAS THE REVIEW PERFORMED BY YOU OR UNDER YOUR SUPERVISION?**

A. Yes. The review to which I testify was performed by me or under my supervision.

**Q. PLEASE EXPLAIN HOW YOU COMPILED INFORMATION FOR YOUR TESTIMONY AND EXHIBITS.**

A. In my review, I used information provided by KIU in its Application, supplementary data provided by the Company in response to ORS discovery and additional information provided by KIU during our Business Office Compliance review and facility

1 site inspections. I also reviewed KIU's financial statements, Annual Commission Reports  
2 and performance bond documents submitted to the Commission.

3 **Q. PLEASE PROVIDE AN OVERVIEW OF THE LOCATIONS, SERVICE TYPES,**  
4 **AND CUSTOMERS SERVED BY KIU.**

5 A. KIU is a public utility providing water storage and distribution services and sewer  
6 collection and treatment services to residential, commercial, and irrigation customers on  
7 Kiawah Island, South Carolina. KIU's operations are classified by the NARUC as a Class  
8 A water and wastewater utility according to water and sewer revenues reported on the  
9 Company's Application for the test year ending December 31, 2020 ("Test Year"). As of  
10 the end of the Test Year, KIU was providing water storage and distribution services to  
11 4,343 customers, and sewer collection and treatment services to 3,730 customers. As of  
12 September 30, 2021, KIU was providing water storage and distribution services to 4,368  
13 customers, and sewer collection and treatment services to 3,736 customers.<sup>1</sup>

14 **Q. PLEASE EXPLAIN THE CORPORATE STRUCTURE OF KIU.**

15 A. KIU is a corporation in good standing with the South Carolina Secretary of State  
16 that is authorized to conduct business in South Carolina. KIU is a wholly-owned subsidiary  
17 of South Carolina Utility Systems, Inc., which is subsidiary of Southeast Utility Systems,  
18 Inc., which is a subsidiary of SouthWest Water Company, a Delaware limited liability  
19 corporation.

20 **Q. PLEASE EXPLAIN EXHIBIT DPH-1.**

21 A. Exhibit DPH-1 provides a summary of the Business Office Compliance Review  
22 completed by ORS and a summary of the water storage and distribution system as well as

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<sup>1</sup> Company Response to ORS Request 2-11.

the sewer collection and treatment systems inspected by ORS on February 4, 2022. During the Business Office Compliance Review, ORS reviewed KIU's office records. ORS confirmed the required operator logs were being kept at the facility and general housekeeping items including system entry points, access roads, and signage were found to be satisfactory during the review. KIU staff provided ORS with a demonstration of the data and billing capabilities of KIU's new AMI system and a demonstration of KIU's Supervisory Control and Data Acquisition ("SCADA") systems. ORS confirmed KIU's Cougar Island transmission main, upgrades to the wastewater headworks and a new high service pump at the Sora Rail Pump Station are all in use and being used to provide utility service to KIU customers.

#### **Water Storage and Distribution System**

KIU purchases its potable water from St. Johns Water Company, Inc. located on Johns Island, South Carolina. KIU provides water service to its customers through a distribution system comprised of ductile iron and plastic pipes located on Kiawah Island. Safe drinking water standards are being met according to recent South Carolina Department of Health and Environmental Control ("DHEC") sanitary survey reports. DHEC rated the water system as "Satisfactory" during its last sanitary survey. KIU stores excess purchased water in two Aquifer Storage and Recovery systems and three ground level storage tanks to help offset peak customer demands. As of the end of the Test Year, five hundred and three (503) fire hydrants were connected to the KIU water system.<sup>2</sup>

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<sup>2</sup> Company response to ORS Request 3-7.

**Sewer Collection and Treatment System**

KIU provides sewer collection and treatment under a DHEC No Discharge (“ND”) permit. During ORS’s inspection, the sewer collection and treatment system was operating adequately and in accordance with DHEC rules and regulations. There have not been any recent sanitary sewer overflows and the collection system did not experience any substantial inflow and infiltration during the Test Year.

**Q. PLEASE EXPLAIN THE STATUS OF THE PERFORMANCE BOND FOR KIU.**

A. KIU has a current performance bond for water operations on file with the Commission. The bond is a surety bond issued by Atlantic Specialty Insurance Company in the amount of \$350,000. KIU also has a current performance bond for sewer operations on file with the Commission. The bond is a surety bond issued by Atlantic Specialty Insurance Company in the amount of \$350,000. Based on the expenses from the Test Year and using the criteria set forth in S.C. Code Ann. Regs. 103-512.3.1 and 103-713.3.1, ORS determined that the face amount of KIU’s bonds should remain at \$350,000. ORS requests that the Commission continue to require KIU to maintain its performance bonds in the amount of \$350,000 as it is in the public interest to maintain a bond that satisfies the criteria as set forth in S.C. Code Ann. § 58-5-720.

**Future Water and Wastewater Annual Reports**

**Q. DOES ORS HAVE ANY RECOMMENDATIONS RELATED TO THE FUTURE ANNUAL REPORTS TO BE SUBMITTED BY KIU TO THE COMMISSION?**

A. Yes. KIU’s 2020 Annual Reports for water and wastewater were filed in a timely manner; however, the Annual Reports were not completed in accordance with the General Instructions listed on the Annual Report. KIU’s 2020 Annual Report for water filed with

1 the Commission combined the financial data for both the Company's water and wastewater  
2 operations on Schedule 200 (Balance Sheet) along with the supporting schedules 204-  
3 Statement of Retained Earnings, 205-Long Term Debt, 206-Contributions in Aid of  
4 Construction ("CIAC") and 207-Accumulated Amortization of CIAC. The 2020 Annual  
5 Report for wastewater submitted by KIU contains no information in Schedules 200, 204,  
6 205, 206, and 207. Please see Exhibit DPH-2 for a copy of KIU's 2020 Water and  
7 Wastewater Annual Reports. During the ORS examination, ORS requested the Company  
8 provide corrected schedules. KIU response to ORS's request was "[t]he Company is  
9 amenable to revising the formatting of its water and wastewater reports going forward, if  
10 so desired by the Commission."<sup>3</sup>

11 ORS uses the Annual Reports as an important resource to assist in the review of the  
12 data provided in the Company's Rate Case Application. In addition, ORS's Water  
13 Operations Division reviews the Annual Reports, monitor changes in the accounts, and will  
14 often request that water and sewer utilities correct mathematical errors detected on the  
15 Schedules. A utility is required to provide data for sewerage operations in accordance with  
16 S.C. Reg 103-512.1 and data for water operations in accordance with S. C. Reg 103-712.1.  
17 Thus, separate Annual Report forms for water and sewer are required. Also, General  
18 Instruction No. 16 on the Annual Reports directs utilities which provide both water and  
19 wastewater service to submit two separate reports and to not combine water and wastewater  
20 information on the same report.

21 For this proceeding, ORS was unable to use the 2020 Annual Reports submitted by  
22 KIU as a resource in its examination and verification of certain financial data contained in

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<sup>3</sup> Company response to ORS Request 4-22.

the Application and on the 2020 Annual Reports because the Company did not segregate water and sewer operations in Annual Report Schedules 200, 204, 205, 206, and 207. Therefore, ORS recommends that KIU, a Class A NARUC water and sewer utility, be required to comply with the Commission's regulations, orders and Annual Report Instructions on all future Annual Report submissions under S.C. Regs. 103-512.1 and 103-712.1. In addition, ORS recommends that KIU comply with the requirement to maintain the Company's books and records according to the NARUC USOA.

**Present Service Revenues**

**Q. DID ORS REVIEW THE COMPANY'S PRO FORMA TEST YEAR SERVICE REVENUE AS SHOWN IN EXHIBIT B; SCHEDULE B OF THE APPLICATION?**

A. Yes, ORS reviewed the Company's pro forma present revenue in the amount of \$9,617,316, (\$7,363,713 for water operations and \$2,253,603 for wastewater operations) as shown in Exhibit B; Schedule B of the Application. As part of its assessment of KIU's pro forma present revenues, ORS reviewed KIU's pro forma Adjustment No. 1 to adjust revenue for the number of customers as of September 30, 2021 in the amount of \$259,647, (\$130,532 for water operations and \$129,115 for wastewater operations). Furthermore, ORS reviewed KIU's pro forma Adjustment No. 2 to remove tap in fees from operating revenue in the amount of (\$119,500), ((\$75,750) for water operations and (\$43,750) for wastewater operations). ORS accepts both of these Company adjustments and they are included in ORS Witness Herpel's Exhibit DMH-4 as Adjustment No. 1A and Adjustment 1B. In addition, ORS is proposing a normalizing adjustment in the amount of \$10,392 to fire hydrant rental pro forma present revenues related to KIU's water operations.

**Q. PLEASE EXPLAIN ORS’S PROPOSED ADJUSTMENT TO NORMALIZE FIRE  
HYDRANT RENTAL REVENUES.**

A. During the Test Year, KIU recorded revenues of \$39,551 to general ledger account 440080–Fire Hydrant Service. In ORS Request 2-23, ORS asked the Company to provide a detailed explanation for the revenue the Company had recorded to general ledger account 440080 in Application Exhibit B; Schedule C, Line 67; Public Fire Revenue at Current in the amount of \$39,551. In its response, KIU stated its Public Fire Revenue under current rates corresponded to “[t]he amount of test year revenue collected for the rental and use of fire hydrant water meters for purposes of construction or other, as described under Rate Schedule No 5. in the approved KIU tariff.”<sup>4</sup> In response to ORS Requests, KIU provided the total amounts of revenue recorded to account 440080 – Fire Hydrant Service for the period of January 1, 2018 through December 31, 2021.<sup>5</sup> ORS utilized this time period as it corresponded to the time period that’s had elapsed since KIU’s last rate case (Docket No. 2018-257-WS), which was based on test year ending December 31, 2017. Based on information provided by the Company, ORS calculated the average fire hydrant service revenues during the four-year period from January 1, 2018 through December 31, 2021 to be \$49,943. Therefore, ORS recommends an adjustment to normalize Fire Hydrant Rental service of \$10,392 to better align Fire Hydrant Rental service revenues with the average service revenues KIU experienced over the past four years. The calculation information is shown in Table 1 below.

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<sup>4</sup> Company response to ORS Request 2-23.

<sup>5</sup> Company responses to ORS Request 4-8 and 8-6.

**Table 1. ORS Adjustment to Normalize  
Fire Hydrant Service Revenue**

<b>440080 - Fire Hydrant Service</b>	
<b><u>Year</u></b>	<b><u>Amount</u></b>
2021	\$ 67,510
2020	39,551
2019	20,533
2018	72,176
Average	\$ 49,943
Less: Test Yr Amt	\$ 39,551
Adjustment	<u>\$ 10,392</u>

1 The adjustment for fire hydrant service revenue is included in ORS Witness  
2 Herpel's Exhibit DMH-4 as Adjustment No. 1C.

3 **Q. PLEASE PROVIDE ORS'S TOTAL ADJUSTMENT TO TEST YEAR REVENUES.**

4 A. After incorporating ORS's adjustment to fire hydrant service revenue, ORS's total  
5 adjustment to Test Year revenues is \$150,539, (\$65,174 for water operations and \$85,365  
6 for wastewater operations).

7 **Q. PLEASE SUMMARIZE THE TOTAL SERVICE REVENUE AND THE**  
8 **PROPOSED SERVICE REVENUE INCREASE RESULTING FROM ORS'S**  
9 **RECOMMENDED ADJUSTMENTS AND COST OF CAPITAL.**

10 A. After adjusting Test Year revenues, ORS incorporated the results of its other  
11 adjustments and rate of return analysis to arrive at a proposed revenue requirement  
12 recommendation. ORS's proposed revenue adjustment after ORS accounting and pro  
13 forma adjustments is \$297,000 which equates to an overall revenue increase of 3.08%. The  
14 calculation of ORS's proposed revenue requirement is sponsored by ORS Witness Watkins  
15 and is reflected in ORS Witness Herpel's Exhibit DMH-4. The overall revenue

1 requirement increase is based upon rate of return methodology with an overall cost of  
2 capital of 6.63%, and a capital structure of 46.81% debt and 53.19% equity. The ORS  
3 recommendations related to cost of capital and capital structure are discussed in the Direct  
4 Testimony of ORS Witness Garrett. Finally, ORS Witness Watkins provides Exhibit  
5 GAW-11, which reflects the rate schedule required to produce ORS's overall water  
6 operations revenue requirement in the amount of \$7,671,105. Mr. Watkins proposes no  
7 adjustment to pro forma present wastewater revenues in the amount of \$2,253,603 or the  
8 current wastewater rates as shown in Witness Watkins Exhibit GAW-8. Thus, ORS's  
9 overall proposed revenue requirement is \$9,924,708.

10 **Depreciation Service Life Related to New Water Meters**

11 **Q. PLEASE EXPLAIN THE GOAL OR OBJECTIVE OF DEPRECIATION**  
12 **ACCOUNTING.**

13 A. The purpose of depreciation is to achieve the matching principle of accounting.  
14 That is, a company is attempting to "match" the historical cost of a productive asset (that  
15 has a useful life of more than a year) to the revenues earned from using the asset.

16 Since it is difficult to precisely match a productive asset's cost to a company's  
17 revenues, the asset's cost is usually allocated to the years in which the asset is used. In  
18 other words, depreciation systematically moves the asset's cost from the balance sheet to  
19 depreciation expense on the income statement over the asset's useful life. Accountants  
20 point out that depreciation is an allocation process which does not result in reporting the  
21 asset's market value.

22 **Q. PLEASE PROVIDE A BRIEF EXPLANATION OF KIU'S AMI PROJECT.**

1 A. In its Application, KIU requests rate recovery of a capital replacement project  
2 where the Company replaced its older analog meters with new AMI technology. The cost  
3 of the project was approximately \$1.7 million consisting of \$341,390 for the AMI meters  
4 with the remaining investment focused on other components of the AMI system such as  
5 radio antennas, meter reading equipment, and billing system upgrades.

6 **Q. IS REPLACEMENT OF ANALOG METERS WITH AMI METERS**  
7 **REASONABLE AND CAN IT PROVIDE BENEFITS TO KIU CUSTOMERS?**

8 A. Yes. While ORS was unable to identify any cost saving in this proceeding, nor are  
9 there guaranteed net cost savings in the future, AMI technology provides a wide range of  
10 benefits to both the utility and the customer. Some of the various benefits to the utility are  
11 related to the elimination of manual meter reading. The elimination of manual meter  
12 reading results in more accurate billing, increases efficiency, improves employee safety,  
13 assists in identifying tampering, and in the detection of meter malfunctions all of which  
14 should result in increases to revenue and decreases to non-revenue water.

15 In addition, AMI can produce numerous benefits to the customer. AMI technology  
16 provides the ability to track real time consumption and the ability to detect continuous  
17 usages and consumption anomalies. In addition, AMI technology gives customers the  
18 ability to access their usage via an on-line portal and to set their own usage parameters to  
19 allow the system to flag potential high consumption before the customer receives a bill.  
20 AMI can also assist the utility and customer in resolving customer inquiries and complaints  
21 with real-time usage data.

22 **Q. WHAT DEPRECIATION SERVICE LIFE DID KIU ASSIGN TO THE AMI**  
23 **METERS?**

A. The Company assigned a fifty-year (50) depreciable service life to the asset titled AMI Project – Meters & Registers (Asset No. 20000924).

**Q. DOES THE FIFTY-YEAR DEPRECIABLE SERVICE LIFE ALIGN WITH THE GOAL OF DEPRECIATION ACCOUNTING?**

A. No, it does not. A depreciable life of fifty years is too long because the meters would reach the end of their service lives before being fully depreciated. This would be a violation of the matching principle.

**Q. WHAT DEPRECIABLE LIFE DOES ORS PROPOSE FOR THE AMI METERS (ASSET NO. 20000924)?**

A. ORS recommends the AMI meters be assigned a twenty-year (20) depreciable service life. In response to ORS Request 11-1, KIU provided documentation from the meter manufacturer that the projected service life of the new AMI meters was twenty-years. KIU also stated that “[u]pon further review, the Company has determined that 50 years is not the appropriate meter service life. The Company proposes to amend the service and depreciable life related to the current meters and the AMI Project to correspond with the 20-year life suggested by the manufacturer.”<sup>6</sup>

Therefore, ORS proposes an adjustment to the amount of annualized depreciation expense associated with Asset No. 20000924 in the amount of \$10,242 in accordance with the calculations in Table 2 found below. The recommended adjustment to depreciation expense is incorporated in ORS Witness Herpel’s Exhibit DMH- 4, Adjustment No. 3.

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<sup>6</sup> Company Response to ORS Request-11-1.

**Table 2. ORS Recommended  
Adjustment to AMI Service Life**

<u>Service Year</u>	<u>Annualized Depreciation Expense Amount</u>
20-Year	\$ 17,069
Less: 50-Year	6,827
Adjustment	<u>\$ 10,242</u>

**Customer Growth**

**Q. PLEASE EXPLAIN ORS'S REVIEW OF KIU'S CUSTOMER GROWTH  
CALCULATION.**

A. KIU made an adjustment for customer growth in the amount of \$28,971 (\$24,080 for water operations and \$4,891 for sewer operations) as shown in Adjustment No. 29 of Exhibit B; Schedule B of the Application. The Company's adjustment is based upon customer growth rates of 1.5194% for water operations and 1.0019% for sewer operations. ORS reviewed and verified KIU's customer growth percentages. Utilizing KIU's customer growth percentages, ORS proposes an adjustment to customer grown in the amount of \$20,547 (\$15,876 for water operations and \$4,671 for sewer operations) after ORS adjustments. ORS adjustment for customer growth is shown in ORS Witness Herpel's Exhibit DMH- 4; Adjustment No. 26.

**Bad Debt Expense**

**Q. DOES ORS RECOMMEND A BAD DEBT EXPENSE ADJUSTMENT?**

A. No. ORS, as part of its examination, reviewed KIU's five-year historical average of net write offs to revenues due to bad debt for the period of January 1, 2016 through

December 31, 2020. ORS calculated an uncollectible expense percentage of 0.01%. Given the historically low rate of uncollectible expense, ORS does not propose an adjustment for bad debt in the current rate proceeding. However, ORS reserves the right to review levels of uncollectible expense and propose an Uncollectible Debt adjustment if necessary, in any future KIU rate proceeding.

**Quality of Service and Customer Expectations**

**Q. PLEASE DISCUSS ORS’S POSITION RELATED TO QUALITY OF SERVICE AND CUSTOMER EXPECTATIONS OF REGULATED INVESTOR-OWNED UTILITIES (“IOUs”).**

A. Every IOU, including KIU, has been granted a franchise by the Commission to exclusively provide utility service for compensation to customers in a specific geographic area of South Carolina. In exchange, the utility must maintain compliance with all of the Commission’s rules, regulations and orders regarding provision and quality of service. Accordingly, customers have a reasonable expectation that the Commission-regulated utility will comply with other state and local laws and regulations as applicable. All utilities have a duty to their customers to operate in and maintain compliance with the applicable federal, state and local laws and regulations.

**Q. PLEASE DISCUSS KIU’S DIRECT TESTIMONY RELATED TO KIU’S QUALITY OF SERVICE.**

A. Witness Sorensen states in his direct testimony that “[t]he median household income for Kiawah Island ranks highest in the state.”<sup>7</sup> He further states that “[w]hile utilities are expected to meet basic service standards, the residents of Kiawah generally

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<sup>7</sup> Direct Testimony of Craig Sorensen; Docket No. 2021-324-WS; Page 2; Line 19 & Page 3; Line 1.

1 expect the highest levels of service standards when it comes to their utility.”<sup>8</sup> To the extent  
2 Witness Sorensen’s testimony implies that KIU’s customers are entitled to a higher level  
3 of utility service because they are economically affluent, I would emphasize that all  
4 customers are entitled to a level of service commensurate with the Commission’s  
5 regulations. To the extent that Witness Sorensen’s testimony suggests that KIU is entitled  
6 to a greater opportunity for profit because its customer base is economically affluent, his  
7 testimony is incorrect. Rates must be “sufficient to yield a reasonable return on the value  
8 of property used at the time it is being used to render service”<sup>9</sup>—and no higher—whether  
9 a service area is affluent or not.

10 All customers of all utilities are entitled to service levels commensurate with the  
11 Commission’s rules and regulations. This includes, for example, timely and effective  
12 repairs to minimize service disruptions to customers in accordance with S.C. Regs. 103-  
13 514.B and 103-714.B. This is the case whether, as Witness Dennis described, a main break  
14 occurs during the PGA Championship, or on any other day of the year. While ORS  
15 commends KIU for its efforts in to restore service quickly and minimize the water outage  
16 and for its overall quality of service, a utility is obligated to maintain compliance with and  
17 customer service levels commensurate with the requirements of the Commission’s  
18 regulations.

19 **Q. WILL YOU UPDATE YOUR DIRECT TESTIMONY BASED ON INFORMATION**  
20 **THAT BECOMES AVAILABLE?**

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<sup>8</sup> Direct Testimony of Craig Sorensen; Docket No. 2021-324-WS; Page 3; Lines 3-5.

<sup>9</sup> *Bluefield Waterworks & Imp. Co. v. Pub. Serv. Comm’n of W. Va.*, 262 U.S. 679, 690 (1923).

1 A. Yes. ORS reserves the right to revise its recommendations via supplemental  
2 testimony should new information not previously provided by the Company, or other  
3 sources become available.

4 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

5 A. Yes, it does.



## ORS BUSINESS OFFICE COMPLIANCE REVIEW

**Utility:** Kiawah Island Utility, Inc.  
**Inspector(s):** Dawn Hipp, Daniel Hunnell, David Herpel  
**Office:** 31 Sora Rail Rd., Kiawah Island, SC  
**Utility Type:** Water and Wastewater Utility  
**Date:** February 4, 2022  
**Company Representative:** Becky Dennis

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
1	All records and reports available for examination in accordance with R.103-510 and R. 103-710.	X		
2	Complaint records maintained in accordance with R.103-516 and R. 103-716.	X		
3	Utility's rates, its rules and regulations, and its up-to-date maps and plans available for public inspection in accordance with R.103-530 and R.103-730.	X		
4	Established procedures to assure that every customer making a complaint is made aware that the utility is under the jurisdiction of the South Carolina Public Service Commission and that the customer has the right to register the complaint in accordance with R.103-530 and R. 103-730.	X		
5	Deposits charged within the limits established by R.103-531 and R. 103-731.			Company does not collect deposits
6	Timely and accurate bills being rendered to customers in accordance with R.103-532 and R.103-732.	X		
7	Bill forms in accordance with R.103-532 and R.103-732.	X		
8	Adjustments of bills handled in accordance with R.103-533 and 103-733.	X		
9	Policy for customer denial or discontinuance of service in accordance with R.103-535 and 103-735.	X		
10	Notices sent to customers prior to termination in accordance with Rule R.103-535 and 103-735.	X		
11	Notices filed with the Commission of any violation of PSC or DHEC rules which affect service provided to its customers in accordance with rule R.103-514.C and 103-714.C.	X		

#	Compliance Regulation	In Compliance	Out of Compliance	Comments
12	Utility has adequate means (telephone, etc.) whereby each customer can contact the water and/or wastewater utility at all hours in case of emergency or unscheduled interruptions or service in accordance with R.103-530 and 103-730.	X		
13	Records maintained of any condition resulting in any interruption of service affecting its entire system or major division, including a statement of time, duration, and cause of such an interruption in accordance with R.103-514 and 103-714.	X		
14	Utility advised the Commission, in accordance with Rule 103-512 and 103-712 of the name, title, address and telephone number of the person who should be contacted in connection with general management duties, customer relations, engineering operations, and emergencies during non-office hours.	X		
15	Utility verified the maps on file with the Commission include all the service area of the company.	X		
16	Number of customers the utility has at present time.			Water – 4,368 Sewer – 3,736 As of September 30, 2021
17	Utility has a current performance bond on file with the Commission. Amount of bond:	X		\$350,000 for water service & \$350,000 for sewer service
18	Utility maintains a documented Safety Program.	X		
19	Utility maintains a documented Emergency Response plan.	X		
20	Utility maintains a documented Preventative Maintenance plan.	X		
21	Utility submitted a current Annual Report.	X		Both 2020 Water and Wastewater Annual Reports were not completed correctly
22	Utility is in compliance with Gross Receipts reporting and payment regulations.	X		



## ORS WATER SYSTEM INSPECTION REPORT

### Inspection Overview

**Date Inspected:** February 4, 2022  
**Inspector(s) Name:** Dawn Hipp, Daniel Hunnell, David Herpel,  
**Docket Number:** 2021-324-WS  
**Utility Name:** Kiawah Island Utility, Inc.  
**Utility Representative:** Becky Dennis  
**System Type (distribution, well, etc):** Storage and Distribution  
**Location of System:** Kiawah Island  
**Location of Utility Office:** 31 Sora Rail Rd., Kiawah Island, SC  
**Treatment Type:** Chemical  
**Permit #:** 1010008  
**Last SC DHEC Compliance Rating:** Satisfactory  
**Frequency checked by Operator:** Daily  
**Wastewater Provider:** Kiawah Island Utility, Inc.

	System Components Inspected	Specific Type	#	PSI	Capacity	Compliance			Comments
						Yes	No	N/A	
1	Well Sites		3			X			
2	Pump Houses		3			X			
3	Storage Tank	Pressurized	3		4.5 MG	X			
3a	Storage Tank	Non-Pressurized						X	
3b	Storage Tank	Non-Pressurized						X	
4	Chlorinator					X			
5	Other Chemicals in use					X			
6	Meters					X			
7	Hydrants		503+			X			
8	Electrical Wiring acceptable					X			
9	Piping acceptable					X			
10	System free of leaks	Main Break				X			At the time of ORS inspection there was an active main break on an 8" main line. The repair was completed same the day.
11	Access road adequate					X			
12	Ability for service area to expand					X			

**Additional Comments:** Water purchased from St. Johns Water Company Inc., Johns Island. Excess water is stored in two (2) aquifer storage reserves for emergency and peak use.



## ORS WASTEWATER SYSTEM INSPECTION REPORT

### Inspection Overview

**Date Inspected:** February 4, 2022  
**Inspector(s) Name:** Dawn Hipp, Daniel Hunnell, David Herpel  
**Docket Number:** 2021-324-WS  
**Utility Name:** Kiawah Island Utility, Inc.  
**Utility Representative:** Becky Dennis  
**System Type (collection, force main, lagoon, etc):** Collection, force main, Lagoon, Retention  
**Location of System:** Kiawah Island  
**Location of Utility Office:** 31 Sora Rail Rd., Kiawah Island, SC  
**Treatment Type:** Aeration, Chlorination  
**Permit #:** ND0017361  
**Last SC DHEC Compliance Rating:** Satisfactory  
**Frequency checked by WWTF Operator:** Daily  
**Drinking Water Provider:** Kiawah Island Utility, Inc.

	System Components Inspected	Compliance			Comments
		Yes	No	N/A	
1	Chlorinator	X			
2	Other chemicals in use	X			
3	Aerators present	X			Aerators operating properly
4	Plant fenced and locked	X			
5	Warning Signs Visible	X			
6	Fence in good condition	X			
7	Dikes in good condition	X			
8	Odor non-existent or limited	X			
9	Grass mowed	X			
10	Duckweed/Algae acceptable	X			
11	Grease build-up acceptable	X			
12	Plant free of debris	X			
13	Effluent Color acceptable	X			
14	Lift Stations present	X			53 lift stations
15	Failure Warning System adequate	X			
16	Electric Wiring adequate	X			
17	System free of leaks	X			
18	System free of overflows	X			
19	Access road adequate	X			
20	Ability for service area to expand	X			

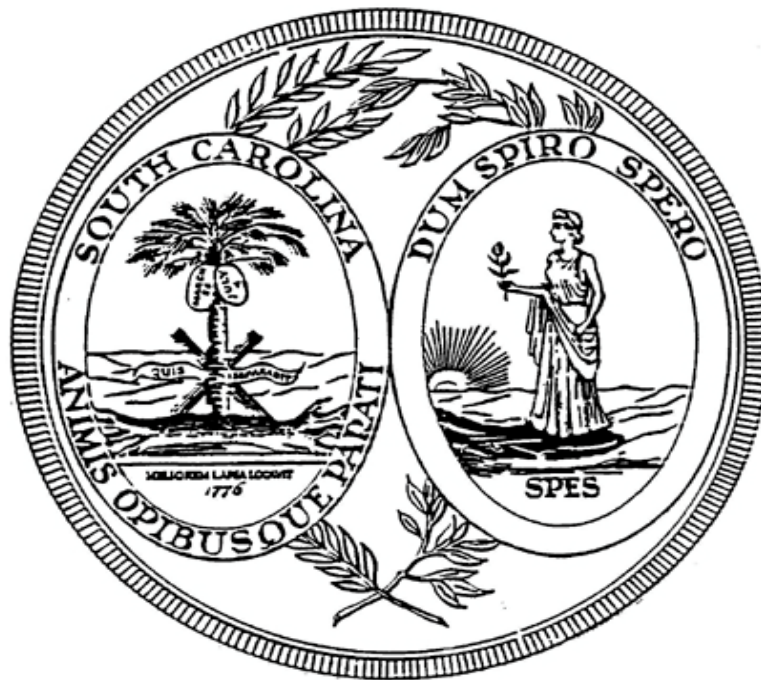
**Additional Comments:** Effluent is mixed with potable and deep-well water prior to being sprayed onto island golf courses.

**Exact Legal Name of Respondent**

**FOR THE YEAR ENDED 2020**

or

[ ] Fiscal Year Ending \_\_\_\_\_



**Kiawah Island Utility, Inc.****FOR THE YEAR ENDED 2020**

(Company Name)

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**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

## GENERAL INSTRUCTIONS

1. All water utilities are required by state law to complete and file this annual report. On or before April 1, 2020, one electronic copy of this report should be submitted to the S.C. Public Service Commission email address [AnnualReports@psc.sc.gov](mailto:AnnualReports@psc.sc.gov). In addition, one electronic copy should be retained by the Company. Filing this electronic copy with the S.C. Public Service Commission will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations.
2. Forms are available in PDF fillable format on the Office of Regulatory Staff web sit at [www.ors.sc.gov](http://www.ors.sc.gov).
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension request postmaked after April 1, 2021 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

**GENERAL INSTRUCTIONS  
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Use this form for a water utility ONLY! If your utility operates a wastewater system in addition to a water system complete a separate annual report for the wastewater system. DO NOT COMBINE BOTH WATER AND WASTEWATER INFORMATION ON THE SAME FORM!
17. Contact the Office of Regulatory Staff at (803) 737-0800 if you have questions about this form or the requirements for a water or wastewater utility.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 100. IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes or additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.  
No
2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.  
No
3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.  
No
4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.  
No
5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.  
No
6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?  
Adjustment of Rates - Docket #2018-257-WS, Order #2019-288 Approved Apr 25, 2019  
Pass-Thru 2020 revenue increased approximately \$81,000 and is reflected in revenues beginning in April.
7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.  
Yes, annual increases effective April 1, 2020. Operating expense impact for 2020 was approximately \$12,100. The annual impact was approximately \$17,500.
8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary corporate bonds maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any No
9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.  
No
10. Other changes not provided for elsewhere.  
No

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 110. DEFINITIONS

**“Accounts”** means the accounts prescribed in the NARUC System of Accounts.

**“Amortization”** means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

**“Book Cost”** means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

**“Class A,”** for water utilities means a utility having annual water operating revenues of \$1,000,000 or more.

**“Class B,”** for water utilities means a utility having annual water operating revenues of \$200,000 or more but less than \$1,000,000.

**“Class C,”** for water utilities means a utility having annual water operating revenues of less than \$200,000.

**“Control”** (including the terms; “controlling,” “controlled by,” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

**“Cost”** means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

**“Debt Expense”** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

**“Depreciation”**, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

**“Distribution Mains”** mean any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 110. DEFINITIONS (Continued)

**“Investment Advances”** means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

**“Minor Items of Property”** means the associated parts or items of which retirement units are composed.

**“Net Salvage Value”** means the salvage value of property retired less the cost of removal.

**“Nominally Issued,”** as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

**“Original Cost,”** as applied to utility plant, means the cost of such property to the person first devoting it to public service.

**“Property Retired,”** as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

**“Replacing or Replacement,”** when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

**“Retained Earnings”** means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

**“Salvage Value”** means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

**“Straight-Line Remaining Life Method,”** as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

**“Supply Main”** means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

**“Transmission Main”** means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

**“Utility,”** as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.

**FOR THE YEAR ENDED 2020**

(Company Name)

## 1. IDENTIFICATION (legal title)

PSC/ORS No.	_____ (leave blank)		Federal ID No.:	<u>57-0662906</u>
Check Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship _____	<input type="checkbox"/> Partnership _____	<input checked="" type="checkbox"/> Corporation <u>FEB 1976</u>	
Name of Company:	<u>Kiawah Island Utility, Inc.</u>			
Doing Business As:	<u>Same</u>			
Street Address:	<u>31 Sora Rail Road</u>			
City:	<u>Kiawah Island</u>	State:	<u>SC</u>	Zip Code: <u>29455</u>
Mailing Address:	<u>31 Sora Rail Road</u>			
City:	<u>Kiawah Island</u>	State:	<u>SC</u>	Zip Code: <u>29455</u>
Telephone No. (Include Area Code):	( 843 ) 768-0641			

- (a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made.
- None
- (b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests.
- Firm
- (c) State the kinds of business, other than Water Utility, in which the respondent was engaged at any time during the year. If none, state that fact.
- Wastewater Utility
- (d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Rob MacLean	12535 Reed Road, Sugar Land, TX 77478	8/9/2018	
Ken Dix	1325 N. Grand Avenue, Suite 100, Covina, CA 91724-4044	3/9/2016	12/31/2020 (ret.)
Kirk Michael	12535 Reed Road, Sugar Land, TX 77478	3/9/2016	5/19/2021 (ret.)
Alison Zimlich	12535 Reed Road, Sugar Land, TX 77478	5/19/2021	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY  
(Continued)**

(e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry
Chief Executive Officer	Rob MacLean	12535 Reed Road Sugar Land, TX 77478	8/9/2018
Secretary/General Counsel	Ken Dix	1325 N. Grand Avenue, Suite 100 Covina, CA 91724-4044	3/9/2016
Chief Financial Officer	Kirk Michael	12535 Reed Road Sugar Land, TX 77478	3/9/2016
President	Craig Sorensen	728 Volare Drive Birmingham, AL 35244	3/9/2016
Director of Operations	Becky J. Dennis	31 Sora Rail Road Kiawah Island, SC 29455	4/1/1993

(f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized.

February 9, 1976 in South Carolina

**2. CONTACT (for purpose of this report)**

Contact Name:	<u>Becky J. Dennis</u>		
Title:	<u>Director of Operations</u>	Telephone: ( 843 )	<u>768-0641</u>
Email Address:	<u><a href="mailto:Bdennis@swwc.com">Bdennis@swwc.com</a></u>	Fax No.: ( 843 )	<u>768-1816</u>

**3. MAILING ADDRESS (if different from above)**

Mailing Address:	<u>Same</u>		
City:	<u>                                </u>	State: <u>                                </u>	Zip Code: <u>                                </u>

**CERTIFICATION**

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: Craig Sorensen, P.E.

Signature: *Craig Sorensen*

9F70232647E2C73DF36F5C30364E3777 contractworks

Title: President

Date: 06/30/2021

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 130. TECHNICAL SUMMARY****GENERAL INFORMATION**

Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.

**PHYSICAL DESCRIPTION:**

Description of water system: All water is purchased from St. Johns Water Co. which in turn purchases from Charleston Water System (CWS). During non-peak season extra water is stored in (2) aquifer storage and recovery systems for use in emergencies and for peak shaving.

Number of wells in use: (1) emergency backup Number of tanks in use/size: (2) 1 MG, (1) 2.5 MG

Raw water reservoir capacity: Not Applicable

Settling basins - number and size: Not Applicable

Equipment - description and make: Pumps include (3) 50 HP, (3) 100 HP, (1) 200 HP, and (2) 200 HP

High Service Pumps

70.5 miles of supply, transmission and distribution lines

Is fire protection provided by system? Yes

Number of fire hydrants in use: 503

Kind of Pipe (Cast Iron, Galvanized Iron, Coated Steel, etc.)	Diameter of Pipe (inches)	Beginning of Year (feet)	Removed/ Added (feet)	End of Year (feet)
<b>Source of Supply</b>				
Iron DI	16"	17,835		17,835
PVC	16"	16,390		16,390
<b>Transmission &amp; Distribution</b>				
Ductile Iron	6"	14,648		14,648
Ductile Iron	8"	10,588		10,588
Ductile Iron	10"	3,834		3,834
Ductile Iron	12"	25,728		25,728
DI	16"	1,984		1,984
PVC	1 1/2"	1,315		1,315
PVC	2"	45,599		45,599
PVC	3"	3,521		3,521
PVC	4"	2,559		2,559
PVC	6"	35,061		35,061
PVC	8"	88,516		88,516
PVC	10"	38,762		38,762
PVC	12"	87,008		87,008

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)****SERVICES AND METERS**

Size and Description	Owned by Utility				Owned by Customers end of Year
	Beginning of year	Added	Retired or Abandoned	End of Year	
Meters in use and in stock					
5/8"	3254	2563	27	5790	
3/4"	569	273	2	840	
1"	476	323	2	797	
1 1/4"	0	0	0	0	
1 1/2"	75	60	1	134	
1 3/4"	0	0		0	
2"	70	49		119	
other size	27			27	
Total Meters in use and in stock	4471	3268	32	7707	
Meters in stock only - all sizes	23			3209	
Services in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services in use (feet)	4342	50		4392	
Services not in use (feet)					
Iron pipe					
Lead and copper pipe					
Total services not in use (feet)	570			520	
Total Services (feet)	4912			4912	

**TREATMENT:**Is water purified?: Yes

Method used (sedimentation, slow or fast sand filtration, chemical, aeration, or other):

ChemicalDimensions, sizes, and 24-hour capacities of sand filtration beds: Not ApplicableCoagulants used: Not ApplicableSterilization treatment used: ChlorinationIs water fluoridated? Yes, by vendorIs water softened?: NoMethod used: Not Applicable

**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)**

**SERVICE AREA AND CUSTOMER DATA:**

Area and/or subdivisions served by water system: Kiawah Island, South Carolina

Total number of residential customers at the end of the fiscal or calendar year:	<u>3,739</u>
Total number of commercial & hotel customers at the end of the fiscal or calendar year:	<u>120</u>
Total number of industrial & all other customers at the end of the fiscal or calendar year:	<u>529</u>
Total number of customers at the end of the fiscal or calendar year:	<u>4,388</u>

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

### Schedule 200. BALANCE SHEET ASSETS AND OTHER DEBITS

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY PLANT</b>	
2	101 Utility Plant in Service (Schedule 201)	35,807,983
	101.A Donated and Other Non Rate Setting Assets	17,368,022
3	102 Utility Plant Leased to Others	1,921,989
4	103 Property Held for Future Use	
5	104 Utility Plant Purchased or Sold	
6	105 Construction Work in Progress	1,279,828
7	106 Completed Construction not Classified	
8	<b>Total Utility Plant</b>	56,377,822
9	<b>ACCUMULATED DEPRECIATION</b>	
10	108.1 Utility Plant-in-Service (Schedule 202)	(12,535,394)
	108.A Donated and Other Non Rate Setting Assets	(8,697,104)
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	<b>Total Accumulated Depreciation</b>	(21,232,498)
14	<b>ACCUMULATED AMORTIZATION</b>	
15	110.1 Utility Plant in Service	(1,690,488)
16	110.2 Utility Plant Leased to Others	
17	<b>Total Accumulated Amortization</b>	(1,690,488)
18	<b>UTILITY PLANT ADJUSTMENTS</b>	
19	114 Utility Plant Acquisition (Schedule 203)	0
20	115 Accumulated Amortization of Utility Plant Acquisition (Schedule 203)	
21	116 Other Utility Plant	
22	<b>Total Utility Plant Adjustments</b>	0
23	<b>TOTAL NET UTILITY PLANT</b>	33,454,836
24	<b>OTHER PROPERTY AND INVESTMENTS</b>	
25	<b>OTHER PROPERTY</b>	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	<b>Total Other Property</b>	0
29	<b>INVESTMENTS</b>	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	<b>Total Investments</b>	0
36	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>CURRENT AND ACCRUED ASSETS</b>	
2	131.1 Cash on Hand	
3	131.2 Cash in Bank	(13,175)
4	132 Special Deposits (Interest and/or Dividends)	
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	633,170
9	142 Other Accounts Receivable	
10	143 Accumulated Provision for Uncollectible Accounts-Credit	(4,331)
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	416,741
17	161 Stores Expense	
18	162 Prepayments	95,590
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	294,056
22	174 Miscellaneous Current and Accrued Assets	300
23	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	1,422,351
24	<b>DEFERRED DEBITS</b>	
25	181 Unamortized Debt Discount and Expense	0
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	233,375
31	186.2 Other Deferred Debits	17,936,899
32	186.3 Regulatory Assets	0
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	0
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
37	<b>TOTAL DEFERRED DEBITS</b>	18,170,275
38	<b>TOTAL ASSETS AND OTHER DEBITS</b>	53,047,461

**Kiawah Island Utility, Inc.**

(Company Name)

**Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>EQUITY CAPITAL</b>	
2	201 Common Stock Issued	1,000,000
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of	
11	211 Other Paid-In Capital	21,515,532
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	
15	215 Unappropriated Retained Earnings (Schedule 204)	(164,468)
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	<b>TOTAL EQUITY CAPITAL</b>	22,351,064
19	<b>LONG-TERM DEBT</b>	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	
23	224 Other Long-Term Debt (Schedule 205)	19,669,858
24	<b>TOTAL LONG-TERM DEBT</b>	19,669,858
25	<b>CURRENT AND ACCRUED LIABILITIES</b>	
26	231 Accounts Payable	645,657
27	232 Notes Payable	
28	233 Accounts Payable to Associated Companies	(2,224)
29	234 Notes Payable to Associated Companies	
30	235 Customers' Deposits-Billing	
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	495,119
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	(586,927)
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	
35	237.2 Accrued Interest on Other Liabilities	
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	138,981
40	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	690,605

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 200. BALANCE SHEET (Continued)

### EQUITY CAPITAL AND LIABILITIES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>DEFERRED CREDITS</b>	
2	251 Unamortized Premium on Debt	
3	252 Advances for Construction	
4	253.1 Other Deferred Credits, Regulatory Liabilities	672,744
5	253.2 Other Deferred Credits, Other Deferred Liabilities	
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	
8	<b>TOTAL DEFERRED CREDITS</b>	672,744
9	<b>OPERATING RESERVES</b>	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
14	<b>TOTAL OPERATING RESERVES</b>	0
15	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</b>	
16	271 Contributions in Aid of Construction (Schedule 206)	17,368,022
17	272 Accumulated Amortization of CIAC (Schedule 207)	(8,697,104)
18	<b>TOTAL NET CIAC</b>	8,670,918
19	<b>ACCUMULATED DEFERRED INCOME TAXES</b>	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	992,271
22	283 Other	
23	<b>TOTAL ACCUMULATED DEFERRED INCOME TAXES</b>	992,271
24	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	53,047,461

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE - Account No. 101**

All amounts included in accts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.1 INTANGIBLE PLANT</b>					
2	301.1 Organization					
3	302.1 Franchises - Water Rights	1,921,989				1,921,989
4	339.1 Other Plant and Miscellaneous Equipment	0				0
5	<b>Total Intangible Plant</b>	1,921,989	0	0	0	1,921,989
6	<b>.2 SOURCE OF SUPPLY AND PUMPING PLANT</b>					
7	303.2 Land and Land Rights	3,468,252				3,468,252
8	304.2 Structures and Improvements	12,675,771	2,400,000		0	15,075,771
9	305.2 Collecting and Impounding Reservoirs					
10	306.2 Lake, River and Other Intakes					
11	307.2 Wells and Springs	182,221	50,931		(49,353)	183,799
12	308.2 Infiltration Galleries and Tunnels					
13	309.2 Supply Mains					
14	310.2 Power Generation Equipment					
15	311.2 Pumping Equipment	1,054,505	56,899			1,111,404
16	339.2 Other Plant and Miscellaneous Equipment	417,200				417,200
17	<b>Total Source of Supply and Pumping Plant</b>	17,797,949	2,507,829	0	(49,353)	20,256,425
18	<b>.3 WATER TREATMENT EQUIPMENT</b>					
19	303.3 Land and Land Rights					
20	304.3 Structures and Improvements					
21	311.3 Pumping Equipment					
22	320.3 Water Treatment Equipment					
23	339.3 Other Plant and Miscellaneous Equipment	1,378				1,378
24	<b>Total Water Treatment Equipment</b>	1,378	0	0	0	1,378
25	<b>.4 TRANSMISSION AND DISTRIBUTION PLANT</b>					
26	303.4 Land and Land Rights					
27	304.4 Structures and Improvements					
28	311.4 Pumping Equipment					
29	330.4 Distribution Reservoirs and Standpipes	1,340,815				1,340,815
30	331.4 Transmission and Distribution Mains	2,492,336	5,732			2,498,068
31	333.4 Services					
32	334.4 Meters and Meter Installations	124,221	8,966			133,187
33	335.4 Hydrants	284,840				284,840
34	336.4 Backflow Prevention Devices					
35	339.4 Other Plant and Miscellaneous Equipment	467,513	2,744			470,257
36	<b>Total Transmission and Distribution Plant</b>	4,709,725	17,442	0	0	4,727,167
37	<b>.5 GENERAL PLANT</b>					
38	303.5 Land and Land Rights					
39	304.5 Structures and Improvements	0	42,041			42,041
40	340.5 Office Furniture and Equipment	115,693	14,612			130,305
41	341.5 Transportation Equipment	198,283	95,867			294,150
42	342.5 Stores Equipment					
43	343.5 Tools, Shop and Garage Equipment	0	10,497			10,497
44	344.5 Laboratory Equipment					
45	345.5 Power Operated Equipment					
46	346.5 Communication Equipment	0	1,140			1,140
47	347.5 Miscellaneous Equipment	0	4,798			4,798
48	348.5 Other Tangible Plant					
49	<b>Total General Plant</b>	313,976	168,955	0	0	482,931
50	<b>101 TOTAL UTILITY PLANT-IN-SERVICE</b>	24,745,017	2,694,226	0	(49,353)	27,389,890

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE

### Account No. 108.1

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Depreciated Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
	302 Water Rights	1,647,232	43,256				1,690,488
	303 Land and Land Rights	0					0
1	304 Structures and Improvements	2,699,402	322,534				3,021,936
2	305 Collecting and Impounding Reservoirs						
3	306 Lake, River, and Other Intakes						
4	307 Wells and Springs	28,771	9,397		3,290		34,878
5	308 Infiltration Galleries and Tunnels						
6	309 Supply Mains						
7	310 Power Generation Equipment						
8	311 Pumping Equipment	702,160	43,347				745,507
9	320 Water Treatment Equipment						
10	330 Distribution Reservoirs and Standpipes	456,661	31,795				488,456
11	331 Transmission and Distribution Mains	1,615,619	71,517				1,687,136
12	333 Services						
13	334 Meters and Meter Installations	95,026	4,625				99,651
14	335 Hydrants	179,538	7,301				186,839
15	336 Backflow Prevention Devices						
16	339 Other Plant and Misc. Equipment	527,313	53,688				581,001
17	340 Office Furniture and Equipment	101,908	8,209				110,117
18	341 Transportation Equipment	125,230	26,658				151,888
19	342 Stores Equipment						
20	343 Tools, Shop, and Garage Equipment	0	428				428
21	344 Laboratory Equipment						
22	345 Power Operated Equipment						
23	346 Communication Equipment	0	171				171
24	347 Miscellaneous Equipment	0	172				172
25	348 Other Tangible Plant						
26	<b>TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE</b>	8,178,860	623,097	0	3,290	0	8,798,667

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 203. UTILITY PLANT ACQUISITION ADJUSTMENT**  
**Account Nos. 114 and 115**

Line No.	Description (a)	Amount (b)
1	Net Plant Book Value	
2	Less: Net Contributions	
3	Total Net Utility Plant Acquired	0
4	Less: Purchase Price	
5	<b>Total Utility Plant Acquisition Adjustment (Account No. 114)</b>	
6	Less: <b>Accumulated Amortization of Utility Plant Acquisition (Account No. 115)</b>	
7	<b>TOTAL NET UTILITY PLANT ACQUISITION ADJUSTMENT</b>	0

**Schedule 204. STATEMENT OF RETAINED EARNINGS**  
**Account Nos. 214 and 215**

Line No.	Account Number and Title (a)	Amount (b)
8	<b>APPROPRIATED RETAINED EARNINGS</b>	
9	Beginning of Year Balance	
10	436 Appropriations of Retained Earnings	
11	437 Dividends Declared - Preferred Stock	
12	438 Dividends Declared - Common Stock	
13	<b>214 TOTAL APPROPRIATED RETAINED EARNINGS</b>	0
14	<b>UNAPPROPRIATED RETAINED EARNINGS</b>	
1	Beginning of Year Balance	(193,632)
15	435 Balance Transferred from Income (Schedule 300)	272,802
2	439 Adjustments to Retained Earnings - Sewer Net Income	(243,637)
	439 Adjustments to Retained Earnings - Dividend	
16	<b>215 TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	(164,468)
17	<b>TOTAL RETAINED EARNINGS</b>	(164,468)

Notes:

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Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224**  
**(Excluding Advances from Associated Companies)**

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1	Intercompany Loan Agreement No. 2060-01	06/01/18	05/17/48	19,669,858	19,669,858	4.570	898,913
2							
3							
4							
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7							
8							
9							
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29							
30							
31	<b>TOTAL LONG-TERM DEBT</b>			19,669,858	19,669,858		898,913

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)****Account No. 271**

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	17,368,022
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions and Customer Connection Charges	
4	Contributions Received from Developer or Contract Agreements in cash or property	
5	Total Credits	0
6	Less: Debits Charged During the Year	
7	<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	17,368,022

**Schedule 207. ACCUMULATED AMORTIZATION OF CIAC****Account No. 272**

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	(8,311,845)
9	Debits Charged During the Year: Accruals Charged to Account 272	(385,259)
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	(385,259)
15	Credits Added During the Year (specify):	
16		
17		
18		
19	Total Credits	0
20	<b>TOTAL ACCUMULATED AMORTIZATION OF CIAC</b>	(8,697,104)

21	<b>TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	8,670,918
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Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

### Schedule 300. INCOME STATEMENT REVENUES AND EXPENSES

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY OPERATING INCOME</b>	
2	400 Total Utility Operating Revenues (Schedule 301)	7,308,931
3	<b>UTILITY OPERATING EXPENSES</b>	
4	401 Operating Expenses (Schedule 302)	5,396,456
5	403 Depreciation Expenses (Schedule 303)	579,841
6	406 Amortization of Utility Plant Acquisition Adjustments - Water Rights	43,256
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	0
10	407.4 Amortization of Regulatory Assets	0
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fee	
13	408.11 Property Taxes	287,924
14	408.12 Payroll Taxes	40,985
15	408.13 Other Taxes and Licenses	95,837
16	409.10 Federal Income Taxes, Utility Operating Income	(4,589,162)
17	409.11 State Income Taxes, Utility Operating Income	(959,604)
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	4,681,887
20	410.11 Deferred State Income Taxes	882,310
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating income, Utility Operations	
25	<b>Total Utility Operating Expenses</b>	6,459,730
26	<b>TOTAL NET UTILITY OPERATING INCOME (LOSS)</b>	849,201
27	<b>OTHER OPERATING INCOME (LOSS)</b>	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	(45,452)
30	<b>Total Other Operating Income (Loss)</b>	(45,452)
31	<b>OTHER INCOME AND DEDUCTIONS</b>	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	0
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	<b>TOTAL OTHER INCOME AND DEDUCTIONS</b>	0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 300. INCOME STATEMENT (Continued)**  
**REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>	
2	408.20 Taxes Other Than Income, Other Income and Deductions	
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.</b>	0
9	<b>INTEREST EXPENSE</b>	
10	427.1 Interest on Debt to Associated Companies	530,947
11	427.2 Interest on Short-Term Debt	
12	427.3 Interest on Long-Term Debt	
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	
15	428 Amortization of Debt Discount and Expense	0
16	429 Amortization of Premium on Debt	
17	<b>TOTAL INTEREST EXPENSE</b>	530,947
18	<b>EXTRAORDINARY ITEMS</b>	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	<b>TOTAL EXTRAORDINARY ITEMS</b>	0
23	<b>NET INCOME (LOSS)</b>	272,802

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 301. OPERATING REVENUES****Account No. 400**

348

Line No.	Account Number and Title (a)	Current Year-End Balance (b)	Average Number of Customers (c)	Gallons of Water Sold (000) omitted (f)
1	<b>WATER SALES REVENUE</b>			
2	460 Unmetered Water Revenue			
3	460.1 Residential Customers			
4	460.2 Commercial Customers			
5	460.3 Industrial Customers			
6	460.4 Public Authorities			
7	460.5 Multiple Family Dwellings			
8	Total Unmetered Water Revenue	0		
9	461 Metered Water Revenue			
10	461.1 Residential Customers	4,351,395	3,686	487,774
11	461.2 Commercial Customers	1,075,571	114	152,661
12	461.3 Industrial Customers			
13	461.4 Public Authorities			
14	461.5 Multiple Family Dwellings			
	Hotel & Well	158,993	2	88,232
15	Total Metered Water Revenue	5,585,959		
16	462 Fire Protection Revenue			
17	462.1 Public Fire Protection	39,551	499	2,102
18	462.2 Private Fire Protection - FIRE LINES	5,204	40	0
19	464 Other Sales to Public Authorities			
	465 Sales to Irrigation Customers	1,575,889	460	187,113
20	466 Sales for Resale			
21	467 Interdepartmental Sales			
22	<b>TOTAL WATER SALES REVENUES</b>	7,206,603		
23	<b>OTHER WATER REVENUES</b>			
24	469 Guaranteed Revenues			
25	470 Forfeited Discounts			
26	471 Miscellaneous Service Revenues	26,578		
27	472 Rents from Water Property			
28	473 Interdepartmental Rents			
29	474 Other Water Revenues - TAP INS	75,750		
30	<b>TOTAL OTHER WATER REVENUES</b>	102,328		
31	<b>400 TOTAL OPERATING REVENUES</b>	7,308,931		

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 302. OPERATING EXPENSES**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>SOURCE OF SUPPLY EXPENSES</b>	
2	601 Salaries and Wages - Employees	
3	610 Purchased Water	3,246,841
4	615 Purchased Power	123,643
5	616 Fuel for Power Production	
6	618 Chemicals	2,218
7	620 Materials and Supplies	24,061
8	631 Contractual Services - Engineering	
9	632 Contractual Services - Accounting	
10	633 Contractual Services - Legal	
11	634 Contractual Services - Management Fees	
12	635 Contractual Services - Testing	
13	636 Contractual Services - Other	
14	641 Rental of Building/Real Property	
15	642 Rental of Equipment	
16	650 Transportation Expenses	
17	658 Insurance - Workman's Compensation	
18	668 Water Resource Conservation Expense	
19	675 Miscellaneous Expenses	6,815
20	<b>TOTAL SOURCE OF SUPPLY EXPENSES</b>	3,403,578

21	<b>WATER TREATMENT EXPENSES</b>	
22	601 Salaries and Wages - Employees	
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	618 Chemicals	
26	620 Materials and Supplies	
27	631 Contractual Services - Engineering	
28	632 Contractual Services - Accounting	
29	633 Contractual Services - Legal	
30	634 Contractual Services - Management Fees	
31	635 Contractual Services - Testing	
32	636 Contractual Services - Other	
33	641 Rental of Building/Real Property	
34	642 Rental of Equipment	
35	650 Transportation Expenses	
36	658 Insurance - Workman's Compensation	
37	675 Miscellaneous Expenses	2,562
38	<b>TOTAL WATER TREATMENT EXPENSES</b>	2,562

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)****OPERATION AND MAINTENANCE****Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>TRANSMISSION AND DISTRIBUTION EXPENSES</b>	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	
4	616 Fuel for Power Production	
5	618 Chemicals	
6	620 Materials and Supplies	90,478
7	631 Contractual Services - Engineering	
8	632 Contractual Services - Accounting	
9	633 Contractual Services - Legal	
10	634 Contractual Services - Management Fees	
11	635 Contractual Services - Testing	
12	636 Contractual Services - Other	
13	641 Rental of Building/Real Property	
14	642 Rental of Equipment	
15	650 Transportation Expenses	18,739
16	658 Insurance - Workman's Compensation	
17	675 Miscellaneous Expenses	
18	<b>TOTAL TRANSMISSION AND DISTRIBUTION</b>	109,217
19	<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	3,515,357

**Kiawah Island Utility, Inc.**  
(Company Name)

**FOR THE YEAR ENDED 2020**

**Schedule 302. OPERATING EXPENSES (Continued)**  
**CUSTOMER AND ADMINISTRATIVE AND GENERAL**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>CUSTOMER ACCOUNTS</b>	
2	601 Salaries and Wages - Employees	
3	615 Purchased Power	
4	616 Fuel for Power Production	
5	620 Materials and Supplies	43,575
6	631 Contractual Services - Engineering	
7	632 Contractual Services - Accounting	
8	633 Contractual Services - Legal	
9	634 Contractual Services - Management Fees	
10	635 Contractual Services - Testing	
11	636 Contractual Services - Other	
12	641 Rental of Building/Real Property	
13	642 Rental of Equipment	
14	650 Transportation Expenses	
15	658 Insurance - Workman's Compensation	
16	670 Bad Debt Expense	1,639
17	675 Miscellaneous Expenses	
18	<b>TOTAL CUSTOMER ACCOUNTS</b>	45,214
19	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	
20	601 Salaries and Wages - Employees	507,382
21	603 Salaries and Wages - Officers, Directors, and Majority Stockholders	
22	604 Employee Pension and Benefits	112,576
23	615 Purchased Power	
24	616 Fuel for Power Production	
25	620 Materials and Supplies	30,896
26	631 Contractual Services - Engineering	0
27	632 Contractual Services - Accounting	14,271
28	633 Contractual Services - Legal	188,483
29	634 Contractual Services - Management Fees	651,699
30	635 Contractual Services - Testing	
31	636 Contractual Services - Other	0
32	641 Rental of Building/Real Property	
33	642 Rental of Equipment	
34	650 Transportation Expenses	
35	656 Insurance - Vehicle	
36	657 Insurance - General Liability	
37	658 Insurance - Workman's Compensation	7,324
38	659 Insurance - Other	48,559
39	660 Advertising Expense	
40	666 Regulatory Commission Expenses- Amort. Of Rate Case Exp.	
41	667 Regulatory Commission Expenses- Other	87,132
42	675 Miscellaneous Expenses	187,563
43	<b>TOTAL ADMINISTRATIVE AND GENERAL</b>	1,835,885
44	<b>401 TOTAL OPERATING EXPENSES</b>	5,396,456

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY  
PRIMARY ACCOUNTS  
Account No. 403**

Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
1	302 Water Rights	1,921,989	S/L Various Years	43,256
	303 Land and Land Rights	3,468,252	None	0
	304 Structures and Improvements	15,117,812	S/L Various Years	322,534
2	305 Collecting and Impounding Reservoirs			
3	306 Lake, River, and Other Intakes			
4	307 Wells and Springs	183,799	S/L Various Years	9,397
5	308 Infiltration Galleries and Tunnels			
6	309 Supply Mains			
7	310 Power Generation Equipment			
8	311 Pumping Equipment	1,111,404	S/L Various Years	43,347
9	320 Water Treatment Equipment			
10	330 Distribution Reservoirs and Standpipes	1,340,815	S/L Various Years	31,795
11	331 Transmission and Distribution Mains	2,498,068	S/L Various Years	71,517
12	333 Services			
13	334 Meters and Meter Installations	133,187	S/L Various Years	4,625
14	335 Hydrants	284,840	S/L Various Years	7,301
15	336 Backflow Prevention Devices			
16	339 Other Plant and Misc. Equipment	888,835	S/L Various Years	53,688
17	340 Office Furniture and Equipment	130,305	S/L 5 Years	8,209
18	341 Transportation Equipment	294,150	S/L 5 Years	26,658
19	342 Stores Equipment			
20	343 Tools, Shop, and Garage Equipment	10,497	S/L Various Years	428
21	344 Laboratory Equipment			
22	345 Power Operated Equipment			
23	346 Communication Equipment	1,140	S/L Various Years	171
24	347 Miscellaneous Equipment	4,798	S/L Various Years	172
25	348 Other Tangible Plant			
26	<b>TOTALS</b>	27,389,890		623,097

\* Use Straight-line depreciation rates as approved by the Commission.  
Do not use Tax Depreciation Rates.



June 22, 2021

Ms. Becky Dennis  
Director of Operations  
Kiawah Island Utility, Inc.  
31 Sora Rail Road  
Johns Island, SC 29445

Re: Kiawah Island Utilities Wastewater and Drinking water systems  
Wastewater System: ND0017361  
Drinking Water System:1010008

Dear Ms. Dennis,

The last DHEC Compliance Sampling Inspection of the Kiawah Island Utility Wastewater Treatment System was last conducted on August 24, 2020. The DHEC report indicated that the wastewater treatment facility was in compliance, with one minor deficiency noted in the effluent limitations section for dissolved oxygen. Upon further investigation, it was determined that the sample was likely taken from the wrong location.

The last DHEC Sanitary Survey Evaluation of the Kiawah Utility drinking water system was last conducted on February 9, 2021. The report indicates that the drinking water system was in compliance, however there was a deficiency noted because some records were not available.

If I can be of further assistance, please let me know.

Sincerely,

Ashley Auerbach  
SCDHEC  
Charleston BEHS

**WASTEWATER  
UTILITY ANNUAL REPORT**  
(Class "A" and "B" Companies)  
**OF**  
**Kiawah Island Utility, Inc.**

Exact Legal Name of Respondent

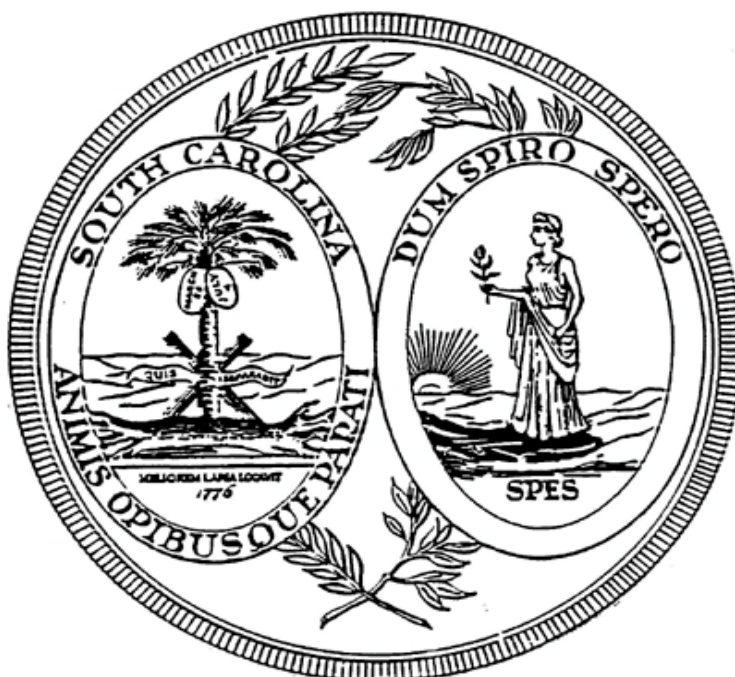
\_\_\_\_\_  
PSC/ORS Number (leave blank)

**FOR THE YEAR ENDED 2020**

☒ Calendar Year Ending December 31, 2019

or

☐ Fiscal Year Ending \_\_\_\_\_



**Kiawah Island Utility, Inc.****FOR THE YEAR ENDED 2020**

(Company Name)

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**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

## GENERAL INSTRUCTIONS

1. All wastewater utilities are required by state law to complete and file this annual report. On or before April 1, 2020, one electronic copy of this report should be submitted to the S.C. Public Service Commission email address [AnnualReports@psc.sc.gov](mailto:AnnualReports@psc.sc.gov). In addition, one electronic copy should be retained by the Company. Filing this electronic copy with the S.C. Public Service Commission will satisfy the utility's responsibility for submitting an annual report as required pursuant to Commission regulations.
2. Forms are available in PDF fillable format on the Office of Regulatory Staff website at [www.ors.sc.gov](http://www.ors.sc.gov).
3. Respond to each item using "0", "none", or "not applicable" as appropriate.
4. Requests for extension must be in writing to the Office of Regulatory Staff. Extension requests postmarked after April 1, 2019 will be denied.
5. All accounting terms and phrases used in this report are to be interpreted in accordance with the effective applicable Uniform System of Accounts prescribed by this Commission, as set forth in S.C. Code Ann. Section 58-5-220 and Commission regulation 103-520.
6. Standard accounting procedures will apply in determining the nature of any entry (e.g. entries of a reverse character will be indicated by a parentheses around the number).
7. The report will be filed consisting of data relative to a calendar year basis or the company's fiscal year, but not both.
8. If this report is made for a period less than the calendar year or fiscal year, the period covered must be clearly stated on the front cover and elsewhere throughout the report where it is necessary to include the period covered. When operations cease during the year because of the disposition of property, the balance sheet and supporting schedules should consist of balances and items immediately prior to transfer (for accounting purposes).
9. All instructions should be followed and each question should be answered fully and accurately. Sufficient answers are those in which no question or schedule has been overlooked. The expression "none" or "not applicable" should be given as the answer to any particular inquiry or schedule where it truly and completely states the fact. Unless otherwise indicated, no information will be accepted which incorporates by reference information from another document or report. In any instance where information called for is not given, the reason for its omission should be stated fully.
10. Dates, when called for, should include the day, month and year. Customary abbreviations may be used in stating dates.
11. Whenever schedules call for comparison of figures of a previous year, the figures reported must be based upon those shown by the annual report of the previous year; otherwise, an appropriate explanation of why different figures were used should be given.
12. One copy of the respondent's latest corporate annual report, if issued, should be submitted with this report. If the respondent is a member of a group, both the parent and subsidiary's corporate annual report should be submitted.

**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

**GENERAL INSTRUCTIONS  
(Continued)**

13. Throughout this report, money items will be rounded to the nearest dollar.
14. Failure to comply with the submission of the annual report may result in fines and/or loss of certification.
15. Separate notification is required for changes in company information -- i.e. name, address, telephone number, contact names, sale or purchase of Company, corporate structure.
16. Use this form for a wastewater utility ONLY! If your utility operates a water system in addition to a wastewater system, complete a separate annual report for the water system. DO NOT COMBINE BOTH WATER AND WASTEWATER INFORMATION ON THE SAME FORM!
17. Contact the Office of Regulatory Staff at (803) 737-0800 if you have questions about this form or the requirements for a water or wastewater utility.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 100. IMPORTANT CHANGES DURING THE YEAR**

Provide written responses for each of the items listed below. Make the written statements clear and brief. A response must be given for each item. However, if the word "none" is an accurate response, it may be used as such. Similarly, if information is given elsewhere in the report which would serve as a response to an item, reference that information in the space provided.

1. Have you had changes in, and additions to franchise rights? If so, describe (a) the actual payment given in exchange for the franchise rights, and (b) from whom acquired. If acquired without payment, state that fact.

No

2. Have any of the following occurred -- acquisition of other companies, or reorganization, merger or consolidation with other companies? If so, give names of companies involved, details concerning the transactions, and reference to Commission authorization, including docket numbers.

No

3. Have any of the following occurred -- purchase or sale of operating units, such as sources, treatment and storage facilities, transmission and distribution systems, or similar occurrences? If so, specify items, parties, effective dates and also reference the Commission authorization, including docket numbers.

No

4. Have any leaseholds been acquired, given, assigned, or surrendered? If so, give the effective dates, lengths of terms, names of parties, rents, Commission authorization, (docket numbers), if any, and other conditions.

No

5. Have there been any extensions of service territories? If so, include the Commission authorization (docket numbers), that give the location of the new service territory covered by distribution system and the dates of beginning operations. Give the number of customers by class; for each class, give the number of customers estimated with regard to annual revenues for the new territories.

No

6. What is the estimated increase or decrease in annual revenues due to rate changes, (cite docket numbers), and the approximate extent to which the increase or decrease is reflected in revenues for the reporting year?

None

7. Have there been any wage scale changes? If so, show the dates of changes, the effect on operating expenses for the year, and estimated annual effect of the wage scale changes on operating expenses.

Yes, annual increases effective April 1, 2020. Operating expense impact for 2020 was approximately \$8,400. The annual impact was approximately \$12,100.

8. Have there been any obligations incurred or assumed by you, the respondent, as guarantor for the performance by another of any agreement or obligation -- excluding ordinary commercial paper maturing on demand or not later than one year after date of issue? If so, give the Commission authorization, (docket number), if any

No

9. Have there been any changes in articles of incorporation or amendments to charters? If so, explain the nature and purpose of these changes or amendments. Note any filing with the Commission.

No

10. Other important changes not provided for elsewhere.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 110. DEFINITIONS

**"Accounts"** means the accounts prescribed in the NARUC System of Accounts.

**"Amortization"** means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, which may be over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.

**"Associated Companies"** means companies or persons that, directly or indirectly, through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.

**"Book Cost"** means the amount at which property is recorded in the applicable account without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

**"Class A,"** for wastewater utilities means a utility having annual wastewater operating revenues of \$1,000,000 or more.

**"Class B,"** for wastewater utilities means a utility having annual wastewater operating revenues of \$200,000 or more but less than \$1,000,000.

**"Class C,"** for wastewater utilities means a utility having annual wastewater operating revenues of less than \$200,000.

**"Control"** (including the terms; "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, affiliated companies, contract or any other direct or indirect means.

**"Cost"** means the amount of money actually paid for property or service. When the consideration given is other than cash, the value of such consideration shall be determined on a cash basis.

**"Cost of Removal"** means the cost of demolishing, dismantling, tearing down or otherwise removing utility plant, including the cost of transportation and handling incidental thereto.

**"Debt Expense"** means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen or marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 110. DEFINITIONS  
(Continued)**

**"Depreciation"**, as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of the utility plant in the course of providing service. This includes causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of regulatory bodies.

**"Discount"**, as applied to the securities or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

**"Distribution Mains"** mean any pipes whose primary purpose is to distribute treated water throughout a community, and whose components include arterial or primary feeders, secondary feeders, and the distribution grid works.

**"Investment Advances"** means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

**"Minor Items of Property"** means the associated parts or items of which retirement units are composed.

**"Multiple Family Dwelling"** means a residential structure or group of structures which is capable of separately housing more than one family unit.

**"Net Salvage Value"** means the salvage value of property retired less the cost of removal.

**"Nominally Issued"**, as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued directly to trustees of sinking funds in accordance with contractual requirements.

**"Premium"**, as applied to the securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stock) or face value and interest or dividends accrued at the date of sale.

**"Original Cost"**, as applied to utility plant, means the cost of such property to the person first devoting it to public service.

**"Property Retired"**, as applied to utility plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been permanently withdrawn from service.

**"Reclaimed Water"** means water that has received at least secondary treatment and basic disinfection and is reused after flowing out of a wastewater treatment plant.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

## Schedule 110. DEFINITIONS (Continued)

**“Replacing or Replacement”**, when not otherwise indicated in the context, means the construction or installation of utility plant in place of property retired, together with the removal of the property retired.

**“Retained Earnings”** means the accumulated net income of the utility less distributions to stockholders and transfers to other capital accounts, and other adjustments.

**“Reuse”** means the deliberate application of reclaimed water, in compliance with Federal and State environmental rules and regulations, for a beneficial purpose.

**“Salvage Value”** means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale, or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

**“Straight-Line Remaining Life Method”**, as applied to depreciation accounting, means the plan under which the service value of property is charged to operating expenses (and to clearing accounts if used), and (accounts if used), and credited to the accumulated depreciation account through equal annual changes during its service life. "Remaining Life" implies that estimates of the future life and salvage shall be reexamined periodically and that depreciation rates will be corrected to reflect any changes in these estimates.

**“Supply Main”** means any main, pipe, or aqueduct or canal whose primary purpose is to convey raw untreated water from one unit to another unit in the source of supply and pumping plant, and to the water treatment equipment.

**“Transmission Main”** means any pipes whose primary purpose is to convey treated water from the water treatment equipment or pumping station to the distribution system serving a community and generally provides no service connections with customers.

**“Utility”** as used herein and when not otherwise indicated in the context, means any public utility to which the uniform system of accounts is applicable.

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY****1. IDENTIFICATION (legal title)**

PSC/ORS No.	_____ (leave blank)		Federal ID No.:	57-0662906
Check Business Structure & Indicate Date	<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input checked="" type="checkbox"/> Corporation FEB 1976	
Name of Company:	Kiawah Island Utility, Inc.			
Doing Business As:	Same			
Street Address:	31 Sora Rail Road			
City:	Kiawah Island	State:	SC	Zip Code: 29455
Mailing Address:	31 Sora Rail Road			
City:	Kiawah Island	State:	SC	Zip Code: 29455
Telephone No. (Include Area Code):	( 843 ) 768-0641			

(a) State whether any change was made in the name of the respondent during the year. If so, state the changes and the dates when they were made.

None

(b) State whether the respondent is a firm or partnership. If a partnership, give the names of the partners and the proportion of their respective interests.

Firm

(c) State the kinds of business, other than Wastewater Utility, in which the respondent was engaged at any time during the year. If none, state that fact.

Water Utility

(d) Give the names and office addresses of the Board of Directors, if any, of the respondent at the close of the year, as well as the dates of expiration of their respective terms. If any person abandoned, resigned from, or was removed from a directorship during the year, give full details in a footnote. If the organization was a partnership, give the names of the partners and designate them as such.

Name of Director	Office Address	Term Begins	Term Ends
Rob MacLean	12535 Reed Road, Sugar Land, TX 77478	8/9/2018	
Ken Dix	1325 N. Grand Avenue, Suite 100, Covina, CA 91724-4044	3/9/2016	12/31/2020 (ret.)
Kirk Michael	12535 Reed Road, Sugar Land, TX 77478	3/9/2016	5/19/2021 (ret.)
Alison Zimlich	12535 Reed Road, Sugar Land, TX 77478	5/19/2021	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 120. EXECUTIVE SUMMARY**  
**(Continued)**

(e) Give the titles of all officers of the respondent at the close of the year, the names of persons holding the offices at year end, and the date when each originally assumed the duties of the office. If any person abandoned, resigned from, or was ousted from any office during the year, give full details in a footnote.

Title of Officer	Name of Person Holding Office	Office Address	Date of Entry
Chief Executive Officer	Rob MacLean	12535 Reed Road Sugar Land, TX 77478	8/9/2018
Secretary/ General Counsel	Ken Dix	1325 N. Grand Avenue, Suite 100 Covina, CA 91724-4044	3/9/2016
Chief Financial Officer	Kirk Michael	12535 Reed Road Sugar Land, TX 77478	3/9/2016
President	Craig Sorensen	728 Volare Drive Birmingham, AL 35244	3/9/2016
Director of Operations	Becky J. Dennis	31 Sora Rail Road Kiawah Island, SC 29455	4/1/1993

(f) Give the date of incorporation of respondent and the name of the state or territory under whose laws the incorporation was organized.

February 9, 1976 in South Carolina

**2. CONTACT (for purpose of this report)**

Contact Name:	<u>Becky J. Dennis</u>		
Title:	<u>Director of Operations</u>	Telephone: ( 843 )	<u>768-0641</u>
Email Address:	<u><a href="mailto:Bdennis@swwc.com">Bdennis@swwc.com</a></u>	Fax No.: ( 843 )	<u>768-1816</u>

**3. MAILING ADDRESS (if different from above)**

Mailing Address:	<u>Same</u>		
City:	<u>                    </u>	State:	<u>                    </u> Zip Code: <u>                    </u>

**CERTIFICATION**

I hereby certify that the enclosed Annual Report was prepared by me or under my supervision, that I have examined it, and that the items herein reported on the basis of my knowledge are correctly shown.

Name: Craig Sorensen, P.E.Title: PresidentSignature: *Craig Sorensen*Date: 06/30/2021

9F70232647E2C73DF36F5C30364E3777

contractworks.

**Kiawah Island Utility, Inc.****FOR THE YEAR ENDED 2020**

(Company Name)

**Schedule 130. TECHNICAL SUMMARY****GENERAL INFORMATION**Submit a copy of the Company's latest DHEC quality of service letter/report with this annual report.**PHYSICAL DESCRIPTION:**

Detailed general description of wastewater system: Current treatment capacity is 1.7 MGD. Sewage is pumped by way of 53 dual pump lift stations to the central plant on Sora Rail Road. Sewage enters headworks where solids are removed and disposed of. Current treatment is a complete mix aerated lagoon cell (#1), partial mix aerated lagoon cell (#2), partial mix and settling cell (#3), disinfection by way of gaseous chlorine injected at a flash mixer, and held in a series of holding ponds for disposal for golf course irrigation purposes.

Oxidation Pond(s)? Not Applicable

If so, provide information concerning size, construction type, and year of construction. \_\_\_\_\_

Aeration Pond(s)? 3If so, provide information concerning size, construction type, and year of construction Both were constructed in

1985 and are lined with hypolor	Cell #1	210'X210'	Cell #2	305'X210'	Cell #3	320' X 135'
		9.65' Deep		9.7' Deep		9.7' Deep

Polishing Pond(s)? Not Applicable

If so, provide information concerning size, construction type, and year of construction. \_\_\_\_\_

Detailed general description of disposal system/method:  
potable water for disposal on the island golf courses.

All treated effluent is blended with well andDate of construction of original plant: 1977 - Upgraded in 1985 and 2006Population for which plant was designed: 5,667 (REU)Plant capacity in gallons per day: 1.7 MGDAverage daily discharge of sewage during year (Mgal): 0.557Maximum daily discharge of sewage during year (Mgal): 1.214

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 130. TECHNICAL SUMMARY  
(Continued)****SERVICES AND LINE TYPE**

Size and Description	Owned by Utility			
	Beginning of year	Added	Retired or Abandoned	End of Year
Services in use				
Iron pipe				
PVC pipe	3,531	56		3,587
Clay pipe				
Other pipe				
Total services in use	3,531	56	0	3,587
Services not in use				
Iron pipe				
PVC pipe	596			540
Clay pipe				
Other pipe				
Total services not in use	596			540
Total Services	4,127			4,127

**TREATMENT:**Is wastewater treated?: YesIf so, how? Aeratorion, retention (stabilization), and chlorinationIs wastewater effluent disinfected? YesIf so, provide information about the type of agent used (liquid chlorine, etc.): Chlorine GasHow frequently is an analysis made of effluent? Daily plus as requiredGive results of last analysis: (EFF BOD 12.0) (15.5 mg/l TSS) (Fecal <2) (Nitrate <0.200)What is the efficiency of sewerage plant? SCDHEC Permit #ND0017361-KIU had n exceedances

**Kiawah Island Utility, Inc.**

**FOR THE YEAR ENDED 2020**

(Company Name)

## Schedule 130. TECHNICAL SUMMARY (Continued)

**SERVICE AREA AND CUSTOMER DATA:**

Area and/or subdivisions served by wastewater system: Kiawah Island, South Carolina

Total number of residential customers at the end of the fiscal or calendar year:	3,546
Total number of commercial customers at the end of the fiscal or calendar year:	69
Total number of industrial customers at the end of the fiscal or calendar year:	1
Total number of customers at the end of the fiscal or calendar year:	3,616

Extensions of system, giving location, new territory covered and dates of beginning operations since last annual annual report submitted:

None

Other important changes, including new plant and equipment built or installed:

None

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**BALANCE SHEET INCLUDED IN KIU WATER REPORT****Schedule 200. BALANCE SHEET  
ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY PLANT</b>	
2	101 Utility Plant-in-Service ( <b>Schedule 201</b> )	
3	102 Utility Plant Leased to Others	
4	103 Property Held for Future Use	
5	104 Utility Plant Purchased or Sold	
6	105 Construction Work in Progress	
7	106 Completed Construction not Classified	
8	<b>Total Utility Plant</b>	
9	<b>ACCUMULATED DEPRECIATION</b>	
10	108.1 Utility Plant-in-Service ( <b>Schedule 202</b> )	
11	108.2 Utility Plant Leased to Others	
12	108.3 Property Held for Future Use	
13	<b>Total Accumulated Depreciation</b>	
14	<b>ACCUMULATED AMORTIZATION</b>	
15	110.1 Utility Plant in Service	
16	110.2 Utility Plant Leased to Others	
17	<b>Total Accumulated Amortization</b>	
18	<b>UTILITY PLANT ADJUSTMENTS</b>	
19	114 Utility Plant Acquisition ( <b>Schedule 203</b> )	
20	115 Accumulated Amortization of Utility Plant Acquisition ( <b>Schedule 203</b> )	
21	116 Other Utility Plant	
22	<b>Total Utility Plant Adjustments</b>	
23	<b>TOTAL NET UTILITY PLANT</b>	
24	<b>OTHER PROPERTY AND INVESTMENTS</b>	
25	<b>OTHER PROPERTY</b>	
26	121 Non-Utility Property	
27	122 Accumulated Depreciation and Amortization of Non-Utility Property	
28	<b>Total Other Property</b>	
29	<b>INVESTMENTS</b>	
30	123 Investments in Associated Companies	
31	124 Utility Investments	
32	125 Other Investments	
33	126 Sinking Funds	
34	127 Other Special Funds	
35	<b>Total Investments</b>	
36	<b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**BALANCE SHEET INCLUDED IN KIU WATER REPORT****Schedule 200. BALANCE SHEET (Continued)****ASSETS AND OTHER DEBITS**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>CURRENT AND ACCRUED ASSETS</b>	
2	131.1 Cash on Hand	
3	131.2 Cash in Bank	
4	132 Special Deposits (Interest and/or Dividends)	
5	133 Other Special Deposits	
6	134 Working Funds	
7	135 Temporary Cash Investments	
8	141 Customer Accounts Receivable	
9	142 Other Accounts Receivable	
10	143 Accumulated Provision for Uncollectible Accounts-Credit	
11	144 Notes Receivable	
12	145 Accounts Receivable from Associated Companies	
13	146 Notes Receivable from Associated Companies	
14	151 Plant Material and Supplies	
15	152 Merchandise	
16	153 Other Material and Supplies	
17	161 Stores Expense	
18	162 Prepayments	
19	171 Accrued Interest and Dividends Receivable	
20	172 Rents Receivable	
21	173 Accrued Utility Revenues	
22	174 Miscellaneous Current and Accrued Assets	
23	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	
24	<b>DEFERRED DEBITS</b>	
25	181 Unamortized Debt Discount and Expense	
26	182 Extraordinary Property Losses	
27	183 Preliminary Survey and Investigation Charges	
28	184 Clearing Accounts	
29	185 Temporary Facilities	
30	186.1 Deferred Rate Case Expense	
31	186.2 Other Deferred Debits	
32	186.3 Regulatory Assets	
33	187 Research and Development Expenditures	
34	190.1 Accumulated Deferred Federal Income Taxes	
35	190.2 Accumulated Deferred State Income Taxes	
36	190.3 Accumulated Deferred Local Income Taxes	
37	<b>TOTAL DEFERRED DEBITS</b>	
38	<b>TOTAL ASSETS AND OTHER DEBITS</b>	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**BALANCE SHEET INCLUDED IN KIU WATER REPORT****Schedule 200. BALANCE SHEET (Continued)****EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>EQUITY CAPITAL</b>	
2	201 Common Stock Issued	
3	202 Common Stock Subscribed	
4	203 Common Stock Liability for Conversion	
5	204 Preferred Stock Issued	
6	205 Preferred Stock Subscribed	
7	206 Preferred Stock Liability for Conversion	
8	207 Premium on Capital Stock	
9	209 Reduction in Par or Stated Value of Capital Stock	
10	210 Gain on Resale or Cancellation of Reacquired Capital Stock	
11	211 Other Paid-In Capital	
12	212 Discount on Capital Stock	
13	213 Capital Stock Expense	
14	214 Appropriated Retained Earnings (Schedule 204)	
15	215 Unappropriated Retained Earnings (Schedule 204)	
16	216 Reacquired Capital Stock	
17	218 Proprietary Capital (for proprietorships & partnerships only)	
18	<b>TOTAL EQUITY CAPITAL</b>	
19	<b>LONG-TERM DEBT</b>	
20	221 Bonds (Schedule 205)	
21	222 Reacquired Bonds (Schedule 205)	
22	223 Advances from Associated Companies	
23	224 Other Long-Term Debt (Schedule 205)	
24	<b>TOTAL LONG-TERM DEBT</b>	
25	<b>CURRENT AND ACCRUED LIABILITIES</b>	
26	231 Accounts Payable	
27	232 Notes Payable	
28	233 Accounts Payable to Associated Companies	
29	234 Notes Payable to Associated Companies	
30	235 Customer Deposits-Billing	
31	236.11 Accrued Taxes, Utility Operating Income, Taxes Other Than Income	
32	236.12 Accrued Taxes, Utility Operating Income, Income Taxes	
33	236.2 Accrued Taxes, Other Income and Deductions	
34	237.1 Accrued Interest on Long-Term Debt	
35	237.2 Accrued Interest on Other Liabilities	
36	238 Accrued Dividends	
37	239 Matured Long-Term Debt	
38	240 Matured Interest	
39	241 Miscellaneous Current and Accrued Liabilities	
40	<b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**BALANCE SHEET INCLUDED IN KIU WATER REPORT****Schedule 200. BALANCE SHEET (Continued)**  
**EQUITY CAPITAL AND LIABILITIES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>DEFERRED CREDITS</b>	
2	251 Unamortized Premium on Debt	
3	252 Advances for Construction	
4	253.1 Other Deferred Credits, Regulatory Liabilities	
5	253.2 Other Deferred Credits, Other Deferred Liabilities	
6	255.1 Accumulated Deferred Investment Tax Credits, Utility Operations	
7	255.2 Accumulated Deferred Investment Tax Credits, Non-Utility Operations	
8	<b>TOTAL DEFERRED CREDITS</b>	
9	<b>OPERATING RESERVES</b>	
10	261 Property Insurance Reserve	
11	262 Injuries and Damages Reserve	
12	263 Pensions and Benefits Reserve	
13	265 Miscellaneous Operating Reserve	
14	<b>TOTAL OPERATING RESERVES</b>	
15	<b>CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)</b>	
16	271 Contributions in Aid of Construction (Schedule 206)	
17	272 Accumulated Amortization of CIAC (Schedule 207)	
18	<b>TOTAL NET CIAC</b>	
19	<b>ACCUMULATED DEFERRED INCOME TAXES</b>	
20	281 Accelerated Amortization	
21	282 Liberalized Depreciation	
22	283 Other	
23	<b>TOTAL ACCUMULATED DEFERRED INCOME TAXES</b>	
24	<b>TOTAL EQUITY CAPITAL AND LIABILITIES</b>	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE**  
**Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.1 INTANGIBLE PLANT</b>					
2	351.1 Organization	0				0
3	352.1 Franchises	0				0
4	389.1 Other Plant and Miscellaneous Equipment	0				0
5	<b>Total Intangible Plant</b>	0	0	0	0	0
6	<b>.2 COLLECTION PLANT</b>					
7	353.2 Land and Land Rights	0				0
8	354.2 Structures and Improvements	0				0
9	355.2 Power Generation Equipment	0				0
10	360.2 Collection Sewers - Force	2,130,120	11,645			2,141,765
11	361.2 Collection Sewers - Gravity	2,130,120	11,645			2,141,765
12	362.2 Special Collecting Structures	0				0
13	363.2 Services to Customers	0				0
14	364.2 Flow Measuring Devices	0				0
15	365.2 Flow Measuring Installations	0				0
16	389.2 Other Plant and Miscellaneous Equipment	0				0
17	<b>Total Collection Plant</b>	4,260,240	23,290	0	0	4,283,530
18	<b>.3 SYSTEM PUMPING PLANT</b>					
19	353.3 Land and Land Rights	0				0
20	354.3 Structures and Improvements	0				0
21	355.3 Power Generation Equipment	0				0
22	370.3 Receiving Wells	0				0
23	371.3 Pumping Equipment	160,680	126,988			287,668
24	389.3 Other Plant and Miscellaneous Equipment	26,163				26,163
25	<b>Total System Pumping Plant</b>	186,843	126,988	0	0	313,831
26	<b>.4 TREATMENT AND DISPOSAL PLANT</b>					
27	353.4 Land and Land Rights	0				0
28	354.4 Structures and Improvements	3,294,906				3,294,906
29	355.4 Power Generation Equipment					0
30	380.4 Treatment and Disposal Equipment	49,679				49,679
31	381.4 Plant Sewers	0				0
32	382.4 Outfall Sewer Lines	0				0
33	389.4 Other Plant and Miscellaneous Equipment	68,233	2,744			70,977
34	<b>Total Treatment and Disposal Plant</b>	3,412,818	2,744	0	0	3,415,562
35	<b>.5 RECLAIMED WATER TREATMENT PLANT</b>					
36	353.5 Land and Land Rights	0				0
37	354.5 Structures and Improvements	0				0
38	355.5 Power Generation Equipment	0				0
39	371.5 Pumping Equipment	0				0
40	374.5 Reuse Distribution Reservoirs	0				0
41	380.5 Treatment and Disposal Equipment	0				0
42	381.5 Plant Sewers	0				0
43	389.5 Other Plant and Miscellaneous Equipment	0				0
44	<b>Total Reclaimed Water Treatment Plant</b>	0	0	0	0	0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 201. UTILITY PLANT-IN-SERVICE (Continued)****Account No. 101**

All amounts included in accounts for utility plant acquired as an operating unit or system shall be stated at a cost incurred by the person who first devoted the property to utility service.

Line No.	Account Number and Title (a)	Previous Year-End Balance (b)	Additions (c)	Retirements (d)	Adjustments +/- (e)	Current Year-End Balance (f)
1	<b>.6 RECLAIMED WATER DISTRIBUTION PLANT</b>					
2	352.6 Franchises	0				0
3	353.6 Land and Land Rights	1,800,000				1,800,000
4	354.6 Structures and Improvements	0				0
5	355.6 Power Generation Equipment	0				0
6	366.6 Reuse Services	0				0
7	367.6 Reuse Meter and Meter Installations	0				0
8	371.6 Pumping Equipment	0				0
9	375.6 Reuse Transmission and Distribution System	0				0
10	389.6 Other Plant and Miscellaneous Equipment	0				0
11	<b>Total Reclaimed Water Distribution Plant</b>	1,800,000	0	0	0	1,800,000
12	<b>.7 GENERAL PLANT</b>					
13	353.7 Land and Land Rights	0				0
14	354.7 Structures and Improvements	0	42,041			42,041
15	390.7 Office Furniture and Equipment	152,622	14,612			167,234
16	391.7 Transportation Equipment	205,583	95,867			301,450
17	392.7 Stores Equipment	0				0
18	393.7 Tools, Shop and Garage Equipment	0	10,497			10,497
19	394.7 Laboratory Equipment	0				0
20	395.7 Power Operated Equipment	0				0
21	396.7 Communication Equipment	0	1,139			1,139
22	397.7 Miscellaneous Equipment	0	4,798			4,798
23	398.7 Other Tangible Plant	0				0
24	<b>Total General Plant</b>	358,205	168,954	0	0	527,159
25	<b>101 TOTAL UTILITY PLANT-IN-SERVICE</b>	10,018,106	321,976	0	0	10,340,082

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 202. ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE**  
**Account No. 108.1**

Report below an analysis of the changes in accumulated depreciation during the year for each plant category.

Line No.	Account Number & Depreciated Property Item (a)	Previous Year-End Balance (b)	Credits		Debits		Current Year-End Balance (g)
			Depreciation Expense (c)	Salvage and Other Credits (d)	Plant Retired (e)	Cost of Removal and Other Debits (f)	
	353 Land and Land Rights	0	0				0
1	354 Structures and Improvements	2,037,624	100,767				2,138,391
2	355 Power Generation Equipment						
3	360 Collection Sewers - Force	1,352,584	52,926				1,405,510
4	361 Collection Sewers - Gravity	1,352,584	52,926				1,405,510
5	362 Special Collecting Structures						
6	363 Services to Customers						
7	364 Flow Measuring Devices						
8	365 Flow Measuring Installations						
9	366 Reuse Services						
10	367 Reuse Meters and Meter Installations						
11	370 Receiving Wells						
12	371 Pumping Equipment	84,799	14,278				99,077
13	374 Reuse Distribution Reservoirs						
14	375 Reuse Transmission/Distribution System						
15	380 Treatment and Disposal Equipment	38,904	2,080				40,984
16	381 Plant Sewers						
17	382 Outfall Sewer Lines						
18	389 Other Plant and Misc. Equipment	53,681	5,031				58,712
19	390 Office Furniture and Equipment	102,872	16,201				119,073
20	391 Transportation Equipment	132,530	26,658				159,188
21	392 Stores Equipment						
22	393 Tools, Shop and Garage Equipment	0	428				428
23	394 Laboratory Equipment						
24	395 Power Operated Equipment						
25	396 Communication Equipment	0	171				171
26	397 Miscellaneous Equipment	0	172				172
27	398 Other Tangible Plant	0					0
28	<b>TOTAL ACCUMULATED DEPRECIATION OF UTILITY PLANT-IN-SERVICE</b>	5,155,578	271,637	0	0	0	5,427,215

**FOR THE YEAR ENDED 2020**

Notes:

Line No.	Description (a)	Amount (b)
1	Net Plant Book Value	
2	Less: Net Contributions	
3	Total Net Utility Plant Acquired	
4	Less: Purchase Price	
5	<b>Total Utility Plant Acquisition Adjustment (Account No. 114)</b>	
6	<b>Less: Accumulated Amortization of Utility Plant Acquisition (Account No. 115)</b>	
7	TOTAL NET UTILITY PLANT ACOUISITION ADJUSTMENT	0

**Schedule 204. STATEMENT OF RETAINED EARNINGS**  
**Account Nos. 214 and 215**

Line No.	Account Number and Title (a)	Amount (b)
8	<b>APPROPRIATED RETAINED EARNINGS</b>	
9	Beginning of Year Balance	
10	436 Appropriations of Retained Earnings	
11	437 Dividends Declared - Preferred Stock	
12	438 Dividends Declared - Common Stock	
13	<b>214 TOTAL APPROPRIATED RETAINED EARNINGS</b>	
14	<b>UNAPPROPRIATED RETAINED EARNINGS</b>	
15	Beginning of Year Balance	
16	435 Balance Transferred from Income(Schedule 300)	
17	439 Adjustments to Retained Earnings	
18	<b>215 TOTAL UNAPPROPRIATED RETAINED EARNINGS</b>	
19	<b>TOTAL RETAINED EARNINGS</b>	

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

SEE KIAWAH ISLAND UTILITY WATER REPORT

**Schedule 205. LONG-TERM DEBT - Account Nos. 221, 222, and 224**

(Excluding Advances from Associated Companies)

Give below the particulars indicated of the long-term debt at end of year represented by unmatured obligations issued or assumed by the Company and group entries according to accounts and show the total for each account.

Line No.	Class and Series of Obligations (a)	Date of Issue (b)	Date of Maturity (c)	Principal Amount Authorized (d)	Outstanding Per Balance Sheet (e)	Interest For Year	
						% Rate (f)	Amount (g)
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	<b>TOTAL LONG-TERM DEBT</b>			0	0		0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

SEE KIAWAH ISLAND UTILITY WATER REPORT

**Schedule 206. CONTRIBUTIONS IN AID OF CONSTRUCTION (CIAC)****Account No. 271**

Line No.	Description (a)	Amount (b)
1	Beginning of Year Balance	
2	Credits Added During the Year:	
3	Contributions Received from Capacity, Main Extensions, and Customer Connection Charges	
4	Contributions Received from Developer or Contract Agreements in cash or property	
5	Total Credits	0
6	Less: Debits Charged During the Year	
7	<b>TOTAL CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	0

SEE KIAWAH ISLAND UTILITY WATER REPORT

**Schedule 207. ACCUMULATED AMORTIZATION OF CIAC****Account No. 272**

Line No.	Description (a)	Amount (b)
8	Beginning of Year Balance	
9	Debits Charged During the Year: Accruals Charged to Account 272	
10	Other Debits Charged During the Year (specify):	
11		
12		
13		
14	Total Debits	0
15	Credits Added During the Year (specify):	
16		
17		
18		
19	Total Credits	0
20	<b>TOTAL ACCUMULATED AMORTIZATION OF CIAC</b>	0

21	<b>TOTAL NET CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	0
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Kiawah Island Utility, Inc.  
(Company Name)

FOR THE YEAR ENDED 2020

**Schedule 300. INCOME STATEMENT  
REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>UTILITY OPERATING INCOME</b>	
2	400 Total Utility Operating Revenues (Schedule 301)	2,168,238
3	<b>UTILITY OPERATING EXPENSES</b>	
4	401 Operating Expenses (Schedule 302)	1,492,299
5	403 Depreciation Expenses (Schedule 303)	271,637
6	406 Amortization of Utility Plant Acquisition Adjustments	
7	407.1 Amortization of Limited Term Plant	
8	407.2 Amortization of Property Losses	
9	407.3 Amortization of Other Utility Plant	
10	407.4 Amortization of Regulatory Assets	
11	407.5 Amortization of Regulatory Liabilities	
12	408.10 Utility Regulatory Assessment Fees	
13	408.11 Property Taxes	199,543
14	408.12 Payroll Taxes	28,404
15	408.13 Other Taxes and Licenses	66,419
16	409.10 Federal Income Taxes, Utility Operating Income	4,098,564
17	409.11 State Income Taxes, Utility Operating Income	857,019
18	409.12 Local Income Taxes, Utility Operating Income	
19	410.10 Deferred Federal Income Taxes	(4,181,377)
20	410.11 Deferred State Income Taxes	(787,988)
21	410.12 Deferred Local Income Taxes	
22	411.10 Provision for Deferred Income Taxes - Credit, Utility Operating Income	
23	412.10 Investment Tax Credits Deferred to Future Periods, Utility Operations	
24	412.11 Investment Tax Credits, Restored to Operating Income, Utility Operations	
25	<b>Total Utility Operating Expenses</b>	2,044,520
26	<b>TOTAL NET UTILITY OPERATING INCOME (LOSS)</b>	123,718
27	<b>OTHER OPERATING INCOME (LOSS)</b>	
28	413 Income from Utility Plant Leased to Others	
29	414 Gains (Losses) from Disposition of Utility Property	611
30	<b>Total Other Operating Income (Loss)</b>	611
31	<b>OTHER INCOME AND DEDUCTIONS</b>	
32	415 Revenues from Merchandising, Jobbing and Contract Work	
33	416 Costs and Expenses of Merchandising, Jobbing and Contract Work	
34	419 Interest and Dividend Income	0
35	420 Allowance for Funds Used During Construction (AFUDC)	
36	421 Non-Utility Income	
37	426 Miscellaneous Non-Utility Expenses	
38	<b>TOTAL OTHER INCOME AND DEDUCTIONS</b>	0

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 300. INCOME STATEMENT (Continued)**  
**REVENUES AND EXPENSES**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS</b>	
2	408.20 Taxes Other Than Income, Other Income and Deductions	
3	409.20 Income Taxes, Other Income and Deductions	
4	410.20 Provision for Deferred Income Taxes, Other Income and Deductions	
5	411.20 Provisions for Deferred Income Taxes, Credit, Other Income and Deductions	
6	412.20 Investment Tax Credits, Net, Non-Utility Operations	
7	412.30 Investment Tax Credits Restored to Non-Operating Income, Utility Operations	
8	<b>TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUC.</b>	0
9	<b>INTEREST EXPENSE</b>	
10	427.1 Interest on Debt to Associated Companies	367,966
11	427.2 Interest on Short-Term Debt	
12	427.3 Interest on Long-Term Debt	
13	427.4 Interest on Customer Deposits	
14	427.5 Interest - Other	
15	428 Amortization of Debt Discount and Expense	0
16	429 Amortization of Premium on Debt	
17	<b>TOTAL INTEREST EXPENSE</b>	367,966
18	<b>EXTRAORDINARY ITEMS</b>	
19	433 Extraordinary Income	
20	434 Extraordinary Deductions	
21	409.30 Income Taxes, Extraordinary Items	
22	<b>TOTAL EXTRAORDINARY ITEMS</b>	0
23	<b>NET INCOME (LOSS)</b>	(243,637)

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**SCHEDULE 301. OPERATING REVENUES****Account No. 400**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>WASTEWATER SALES REVENUE</b>	
2	521 Flat Rate Revenues - General Customers	
3	521.1 Residential	
4	521.2 Commercial	
5	521.3 Industrial	
6	521.4 Public Authorities	
7	521.5 Multiple Family Dwelling Revenues	
8	521.6 Other Revenues (Availability)	
9	Total Flat Rate (Unmetered) Revenues	0
10	522 Measured Revenues - General Customers	
11	522.1 Residential	1,582,091
12	522.2 Commercial	264,343
13	522.3 Industrial	
14	522.4 Public Authorities	
15	522.5 Multiple Family Dwellings Revenues	
16	Total Measured Revenues	1,846,434
17	523 Revenues from Public Authorities	
18	524 Revenues from Other Systems - HOTEL	59,458
19	525 Interdepartmental Revenues	
20	<b>TOTAL WASTEWATER SALES REVENUE</b>	1,905,892
21	<b>OTHER WASTEWATER REVENUES</b>	
22	530 Guaranteed Revenues	
23	531 Sale of Biosolids	
24	532 Forfeited Discounts	
25	534 Rents from Wastewater Property	
26	535 Interdepartmental Rents	
27	536 Other Wastewater Revenues Miscellaneous & TAP-INS	52,656
28	<b>TOTAL OTHER WASTEWATER REVENUES</b>	52,656
29	<b>RECLAIMED WATER SALES</b>	
30	540 Flat Rate Reuse Revenues	
31	540.1 Residential Reuse Revenues	
32	540.2 Commercial Reuse Revenues	
33	540.3 Industrial Reuse Revenues	
34	540.4 Reuse Revenues from Public Authorities	
35	540.5 Other Revenues	
36	541 Measured Reuse Revenue	
37	541.1 Residential Reuse Revenues	
38	541.2 Commercial Reuse Revenues	
39	541.3 Industrial Reuse Revenues	
40	541.4 Reuse Revenues from Public Authorities	
41	544 Reuse Revenues from Other Systems - TREATED EFFLUENT	209,690
42	<b>TOTAL RECLAIMED WATER SALES</b>	209,690
43	<b>400 TOTAL OPERATING REVENUES</b>	2,168,238

Kiawah Island Utility, Inc.  
(Company Name)

FOR THE YEAR ENDED 2020

**Schedule 302. OPERATING EXPENSES  
OPERATION AND MAINTENANCE  
Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>COLLECTION EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	81,101
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	0
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expense - Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL COLLECTION EXPENSES</b>	81,101
25	<b>PUMPING EXPENSES</b>	
26	701 Salaries and Wages - Employees	
27	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
28	704 Employee Pensions and Benefits	
29	715 Purchased Power	60,470
30	716 Fuel for Power Production	
31	718 Chemicals	6,282
32	720 Materials and Supplies	31,718
33	731 Contractual Services - Engineering	
34	732 Contractual Services - Accounting	
35	733 Contractual Services - Legal	
36	734 Contractual Services - Management Fees	
37	735 Contractual Services - Testing	
38	736 Contractual Services - Other	
39	741 Rental of Building/Real Property	
40	742 Rental of Equipment	
41	750 Transportation Expenses	
42	756 Insurance - Vehicle	
43	757 Insurance - General Liability	
44	758 Insurance - Workman's Compensation	
45	759 Insurance - Other	
46	767 Regulatory Commission Expense - Other	
47	775 Miscellaneous Expenses	0
48	<b>TOTAL PUMPING EXPENSES</b>	98,470

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>TREATMENT AND DISPOSAL EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	710 Purchased Wastewater Treatment	
6	711 Sludge Removal Expense	5,000
7	715 Purchased Power	
8	716 Fuel for Power Production	
9	718 Chemicals	
10	720 Materials and Supplies	(8,892)
11	731 Contractual Services - Engineering	
12	732 Contractual Services - Accounting	
13	733 Contractual Services - Legal	
14	734 Contractual Services - Management Fees	
15	735 Contractual Services - Testing	
16	736 Contractual Services - Other	
17	741 Rental of Building/Real Property	
18	742 Rental of Equipment	
19	750 Transportation Expenses	12,988
20	756 Insurance - Vehicle	
21	757 Insurance - General Liability	
22	758 Insurance - Workman's Compensation	
23	759 Insurance - Other	
24	767 Regulatory Commission Expense - Other	
25	775 Miscellaneous Expenses	1
26	<b>TOTAL TREATMENT AND DISPOSAL EXPENSES</b>	9,097

Kiawah Island Utility, Inc.  
(Company Name)

FOR THE YEAR ENDED 2020

**Schedule 302. OPERATING EXPENSES (Continued)**  
**OPERATION AND MAINTENANCE**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year-End Balance (b)
1	<b>RECLAIMED WATER TREATMENT EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pension and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	718 Chemicals	
8	720 Materials and Supplies	
9	731 Contractual Services - Engineering	
10	732 Contractual Services - Accounting	
11	733 Contractual Services - Legal	
12	734 Contractual Services - Management Fees	
13	735 Contractual Services - Testing	
14	736 Contractual Services - Other	
15	741 Rental of Building/Real Property	
16	742 Rental of Equipment	
17	750 Transportation Expenses	
18	756 Insurance - Vehicle	
19	757 Insurance - General Liability	
20	758 Insurance - Workman's Compensation	
21	759 Insurance - Other	
22	767 Regulatory Commission Expenses- Other	
23	775 Miscellaneous Expenses	
24	<b>TOTAL RECLAIMED WATER TREATMENT EXP.</b>	0
25	<b>TOTAL OPERATION AND MAINTENANCE EXPENSES</b>	188,667

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 302. OPERATING EXPENSES (Continued)**  
**CUSTOMER AND ADMINISTRATIVE AND GENERAL**  
**Account No. 401**

Line No.	Account Number and Title (a)	Current Year- End Balance (b)
1	<b>CUSTOMER ACCOUNTS EXPENSES</b>	
2	701 Salaries and Wages - Employees	
3	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
4	704 Employee Pensions and Benefits	
5	715 Purchased Power	
6	716 Fuel for Power Production	
7	720 Materials and Supplies	14,748
8	731 Contractual Services - Engineering	
9	732 Contractual Services - Accounting	
10	733 Contractual Services - Legal	
11	734 Contractual Services - Management Fees	
12	735 Contractual Services - Testing	
13	736 Contractual Services - Other	
14	741 Rental of Building/Real Property	
15	742 Rental of Equipment	
16	750 Transportation Expenses	
17	756 Insurance - Vehicle	
18	757 Insurance - General Liability	
19	758 Insurance - Workman's Compensation	
20	759 Insurance - Other	
21	767 Regulatory Commission Expense - Other	
22	770 Bad Debt Expense	1,639
23	775 Miscellaneous Expenses	
24	<b>TOTAL CUSTOMER ACCOUNTS EXPENSES</b>	16,387
25	<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>	
26	701 Salaries and Wages - Employees	351,636
27	703 Salaries and Wages-Officers, Directors and Majority Stockholders	
28	704 Employee Pension and Benefits	78,018
29	715 Purchased Power	
30	716 Fuel for Power Production	
31	720 Materials and Supplies	21,412
32	731 Contractual Services - Engineering	0
33	732 Contractual Services - Accounting	9,890
34	733 Contractual Services - Legal	130,626
35	734 Contractual Services - Management Fees	451,653
36	735 Contractual Services - Testing	
37	736 Contractual Services - Other	0
38	741 Rental of Building/Real Property	
39	742 Rental of Equipment	
40	750 Transportation Expenses	
41	756 Insurance - Vehicle	
42	757 Insurance - General Liability	
43	758 Insurance - Workman's Compensation	5,076
44	759 Insurance - Other	48,559
45	760 Advertising Expense	
46	766 Regulatory Commission Expenses-Amortization of Rate Case Exp.	60,385
47	767 Regulatory Commission Expenses-Other	
48	775 Miscellaneous Expenses	129,990
49	<b>TOTAL ADMINISTRATIVE AND GENERAL EXP.</b>	1,287,245
50	<b>401 TOTAL OPERATING EXPENSES</b>	1,492,299

Kiawah Island Utility, Inc.

FOR THE YEAR ENDED 2020

(Company Name)

**Schedule 303. BASIS FOR DEPRECIATION CHARGES BY  
PRIMARY ACCOUNTS  
Account No. 403**

Line No.	Description of Property (a)	Original Cost (b)	Approved Depreciation Rates * (c)	Annual Depreciation (d)
	353 Land and Land Rights	1,800,000		0
1	354 Structures and Improvements	3,336,947	S/L Various Years	100,767
2	355 Power Generation Equipment			
3	360 Collection Sewers - Force	2,141,765	S/L Various Years	52,926
4	361 Collection Sewers - Gravity	2,141,765	S/L Various Years	52,926
5	362 Special Collecting Structures			
6	363 Services to Customers			
7	364 Flow Measuring Devices			
8	364 Flow Measuring Installations			
9	366 Reuse Services			
10	367 Reuse Meters and Meter Installations			
11	370 Receiving Wells			
12	371 Pumping Equipment	313,831	S/L Various Years	14,278
13	374 Reuse Distribution Reservoirs			
14	375 Reuse Transmission/Distribution System			
15	380 Treatment and Disposal Equipment	49,679	S/L Various Years	2,080
16	381 Plant Sewers			
17	382 Outfall Sewer Lines			
18	389 Other Plant and Misc. Equipment	70,977	S/L Various Years	5,031
19	390 Office Furniture and Equipment	167,234	S/L 5 Years	16,201
20	391 Transportation Equipment	301,450	S/L 5 Years	26,658
21	392 Stores Equipment			
22	393 Tools, Shop and Garage Equipment	10,497	S/L Various Years	428
23	394 Laboratory Equipment			
24	395 Power Operated Equipment			
25	396 Communication Equipment	1,139	S/L Various Years	171
26	397 Miscellaneous Equipment	4,798	S/L Various Years	172
27	398 Other Tangible Plant	0	S/L Various Years	0
28	<b>TOTALS</b>	10,340,082	0	271,637

\* Use Straight-line depreciation rates as approved by the Commission.  
Do not use Tax Depreciation Rates.



June 22, 2021

Ms. Becky Dennis  
Director of Operations  
Kiawah Island Utility, Inc.  
31 Sora Rail Road  
Johns Island, SC 29445

Re: Kiawah Island Utilities Wastewater and Drinking water systems  
Wastewater System: ND0017361  
Drinking Water System:1010008

Dear Ms. Dennis,

The last DHEC Compliance Sampling Inspection of the Kiawah Island Utility Wastewater Treatment System was last conducted on August 24, 2020. The DHEC report indicated that the wastewater treatment facility was in compliance, with one minor deficiency noted in the effluent limitations section for dissolved oxygen. Upon further investigation, it was determined that the sample was likely taken from the wrong location.

The last DHEC Sanitary Survey Evaluation of the Kiawah Utility drinking water system was last conducted on February 9, 2021. The report indicates that the drinking water system was in compliance, however there was a deficiency noted because some records were not available.

If I can be of further assistance, please let me know.

Sincerely,

Ashley Auerbach  
SCDHEC  
Charleston BEHS